

CITY OF YACHATS
Lincoln County, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014

**CITY OF YACHATS
Lincoln County, Oregon**

**OFFICERS AND MEMBERS OF THE GOVERNING BOARD
June 30, 2014**

City Council

Ronald Brean, Mayor
PO Box 345
Yachats, Oregon 97498

Greg Scott, Council President
PO Box 1118
Yachats, Oregon 97498

Sandra Dunn
PO Box 638
Yachats, Oregon 97498

Barbara Frye
PO Box 333
Yachats, Oregon 97498

Lynne Dimmick (resigned May 8, 2014)
PO Box 41
Yachats, Oregon 97498

Nancy Batchelder, City Recorder
PO Box 345
Yachats, Oregon 97498

Address of Registered Office
PO Box 345
Yachats, Oregon 97498

**CITY OF YACHATS
Lincoln County, Oregon**

**ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014**

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
City Officials	Previous
FINANCIAL SECTION	
Independent Auditor's Report	1-2
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Notes to the Basic Financial Statements	18-31
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
General Fund	32
Visitor Amenities Fund	33
Capital Expenditure Reserve Fund	34
Street Fund	35
Blended Component Unit – Urban Renewal District	36
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – All Non-Major Governmental Funds	
Governmental Funds	37
Special Revenue Funds	38
Debt Service Funds	39

TABLE OF CONTENTS – CONTINUED**PAGE**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – All Non-Major Governmental Funds	
Governmental Funds	40
Special Revenue Funds	41
Debt Service Funds	42
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Non-Major Governmental Funds	
Special Revenue Funds	
System Development Charges Fund	43
Debt Service Reserve Fund	44
Library Fund	45
Log Church Museum Fund	46
Parks and Commons Fund	47
Storm Drain System Fund	48
US Forest Service Contract Fund	49
Debt Service Funds	
1992 Water Debt Service Fund	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Proprietary Funds	
Water Fund	51
Reconciliation of Budgetary Revenue and Expenditures to Water Fund	52
Sewer Fund	53
Reconciliation of Budgetary Revenue and Expenditures to Sewer Fund	54
Sewer Debt Service 2006-2008 Project Fund	55
Reconciliation of Budgetary Revenue and Expenditures to Proprietary	56
Sewer Construction Fund	57
Reconciliation of Budgetary Fund Balance to GAAP Basis Net Position	58

OTHER SCHEDULES

Schedule of Capital Assets Used in the Operation of Governmental Funds	59
Schedules of Property Tax Transactions	60
Schedule of Bond Loan and Contract Principal and Interest Transactions	61

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62-63
Other Supplementary Financial Information and Comments and Disclosures Required by State Regulations	64-65

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Yachats, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate blended component unit, each major fund, and the aggregate remaining fund information of the City of Yachats, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate blended component unit, each major fund, and the aggregate remaining fund information of the City of Yachats, Oregon, as of June 30, 2014, and the respective changes in financial position and budgetary comparisons for the general fund and major special revenue funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yachats, Oregon's basic financial statements. The supplementary and other 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The listing of City Council members and Mayor containing their mailing addresses, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report and Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 9, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



J. Robert Wall, Certified Public Accountant
Wall & Wall PC, Certified Public Accountants

Coos Bay, Oregon
December 9, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Yachats

441 Hwy 101 N.
P O Box 345
Yachats, OR 97498

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Yachats. The analysis focuses on significant financial issues, major financial activities, resulting changes in financial position, and budget changes and variances from the budget. Please read it in conjunction with the City's financial statements.

Report Layout

The City's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the basic financial statements.

The Statement of Net Position and Statement of Activities included in the government-wide financial statements focus on a City-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.

The fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund, Capital Expenditure Reserve Fund, Visitors Amenities Fund, Street Fund (the City's major funds), and the Urban Renewal City (presented as a major fund and blended component unit). Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses, and changes in fund net position, and cash flows.

The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition presented in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them.

The required supplementary information includes the management discussion and analysis and budgetary comparison schedules for the General Fund and major special revenue funds.

Other supplementary information including combining schedules for nonmajor governmental funds and fund schedules of budgetary information for funds not previously presented, including proprietary funds.

Analysis of the Government's Overall Condition

Yachats continues to be in good overall financial condition. The City is still heavily reliant on the room tax for the General Fund operations, as well as Streets, the Library, the Museum and the Community Center. However, the other types of revenue including the Urban Renewal District taxes and the Food and Beverage tax have been successful at raising funds for the intended purpose.

- The Transient Room Tax, Prepared Food and Beverage Tax and the taxes received by the Urban Renewal City were all more than budgeted.
- Property Taxes, Business Licenses, Transient Rental Licenses, Cable Franchise Fees and State Revenue Sharing were all *over-budget* in the General Fund. Those items brought in about the same as budgeted.
- Overall, the Revenues in the General Fund were slightly more than budgeted; and expenses in the General Fund were about 23% *under-budget* for the year.

The 2013-2014 budget included all the requests submitted by the Commissions, the Public Works Director, outside agencies, and local organizations. The budget was balanced; met all the requirements for the City operations for the year, and included significant transfers to the Capital Expenditure Reserve Fund of over \$225 thousand.

Public works remained a top priority and the budget supported that priority, including protection of the watershed. The City purchased an excavator, a pickup, lab equipment for the Wastewater Treatment Plant, and a control for the monitor at the Water Treatment Plant. The siding on the Water Treatment Plant was replaced and a new water line on West 4th from Ocean View Drive to Hwy 101 was installed.

The City also replaced the flooring in several rooms in the Commons, replaced the computer system in City Hall, upgraded the electrical connections between the emergency generator and the Commons, and purchased supplies and equipment for the emergency storage containers.

The City was also able to assist community organizations meet the various needs of the community, with a minimal investment, by supporting the programs of other agencies' programs, including those ran by the Youth and Families Activities Program and Lincoln County Council on Aging.

The following tables outline the City's government-wide statement of net position and statement of activities as of and for the years ended June 30, 2014; then 2013:

STATEMENTS OF NET POSITION

	30-Jun-14			30-Jun-13			Change		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Assets									
Cash and Investments	\$ 3,242,699	\$ 605,498	\$ 3,848,197	\$ 2,792,254	\$ 679,027	\$ 3,471,281	\$ 450,445	-\$ 73,529	\$ 376,916
Other Assets	572,532	136,488	709,020	365,324	124,505	489,829	207,208	11,983	219,191
Capital assets, net	<u>3,374,625</u>	<u>9,256,186</u>	<u>12,630,811</u>	<u>3,242,639</u>	<u>9,601,780</u>	<u>12,844,419</u>	<u>131,986</u>	<u>-\$ 345,594</u>	<u>-\$ 213,608</u>
Total assets	<u>7,189,856</u>	<u>9,998,172</u>	<u>17,188,028</u>	<u>6,400,217</u>	<u>10,405,312</u>	<u>16,805,529</u>	<u>789,639</u>	<u>-\$ 407,140</u>	<u>\$ 382,499</u>
Current liabilities	162,904	395,207	558,111	120,703	425,548	546,251	42,201	-\$ 30,341	11,860
Long-term liabilities	<u>549,289</u>	<u>6,115,847</u>	<u>6,665,136</u>	<u>566,427</u>	<u>6,436,640</u>	<u>7,003,067</u>	<u>-\$ 17,138</u>	<u>-\$ 320,793</u>	<u>-\$ 337,931</u>
Total liabilities	<u>712,193</u>	<u>6,511,054</u>	<u>7,223,247</u>	<u>687,130</u>	<u>6,862,188</u>	<u>7,549,318</u>	<u>25,063</u>	<u>-\$ 351,134</u>	<u>-\$ 326,071</u>
Net Position:									
Invested in capital assets, net of related debt	2,808,198	2,819,546	5,627,744	2,659,890	2,803,442	5,463,332	148,308	16,104	164,412
Restricted	834,579	566,395	1,400,974	458,058	618,772	1,076,830	376,521	-\$ 52,377	324,144
Unrestricted	<u>2,834,886</u>	<u>101,177</u>	<u>2,936,063</u>	<u>2,595,139</u>	<u>120,910</u>	<u>2,716,049</u>	<u>239,747</u>	<u>-\$ 19,733</u>	<u>220,014</u>
Total net position	<u>\$ 6,477,663</u>	<u>\$ 3,487,118</u>	<u>\$ 9,964,781</u>	<u>\$ 5,713,087</u>	<u>\$ 3,543,124</u>	<u>\$ 9,256,211</u>	<u>\$ 764,576</u>	<u>-\$ 56,006</u>	<u>708,570</u>

STATEMENTS OF NET ACTIVITY

	30-Jun-14			30-Jun-13			Change		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Revenues									
Program revenues									
Charges for services	\$ 83,181	\$ 960,728	\$1,043,909	\$ 98,390	\$1,041,888	\$1,140,278	\$ (15,209)	\$ (81,160)	\$ (96,369)
Oper Grants & Contrib.	220,685	-	220,685						
General revenues									
Taxes	1,122,509		1,122,509	1,070,181	-	1,070,181	52,328	-	52,328
Intergovernmental	661,672		661,672	71,122	-	71,122	590,550	-	590,550
Interest	16,789		16,789	18,523	900	19,423	(1,734)	(900)	(2,634)
Other	3,813	900	4,713	21,146	-	21,146	(17,333)	900	(16,433)
Total revenues	2,108,649	961,628	3,070,277	1,279,362	1,042,788	2,322,150	829,287	(81,160)	748,127
Expenses									
Governmental activities	1,083,670	-	1,083,670	738,101	-	738,101	345,569	-	345,569
Business-type activities	-	1,287,037	1,287,037	-	1,256,070	1,256,070	-	30,967	30,967
Total expenses	1,083,670	1,287,037	2,370,707	738,101	1,256,070	1,994,171	345,569	30,967	376,536
Excess (deficiency) of revenues over (under) expenses	1,024,979	(325,409)	699,570	541,261	(213,282)	327,979	483,718	(112,127)	371,591
Transfers, net	(260,403)	269,403	9,000	(200,161)	200,161	-	(60,242)	69,242	9,000
Change in net position	764,576	(56,006)	708,570	341,100	(13,121)	327,979	423,476	(42,885)	380,591
Beginning net position, as adjusted	5,713,087	3,543,124	8,928,232	5,371,987	3,556,245	8,928,232	341,100	(13,121)	327,979
Ending net position	\$ 6,477,663	\$3,487,118	\$9,964,781	\$5,713,087	\$3,543,124	\$9,256,211	\$ 764,576	\$ (56,006)	\$ 708,570

Analysis of the Balances and Transactions of Major Individual Funds

The balances of the major funds and all the transactions are within the budget as adopted or amended. Other than normal, day-to-day activities, most of the major changes are described elsewhere in this discussion.

Analysis of Variations from the Original and Final Amended Budget for the General Fund

The City's adopted budget was amended during the year by a Supplemental Budget adopted by City Council Resolution No. 2014-04-01. The necessary changes were explained with the following narrative:

Supplemental Budget 2013-2014

Multiple Funds

The City signed a contract for vegetation control (mowing) that was not anticipated at the time of the budget was adopted. This contract was for \$49,308 and it is necessary to allocate the contract amounts to the Street Fund, Visitor's Amenities, Parks and Commons, Little Log Church and the Water funds

- In the Visitors Amenities: =\$1,000 - an increase in the Visitor Amenities Line, decreasing the amount in Funds Reserved for Future Uses.
- In the Street Fund: +\$21,228 – an increase in the transfer from the General Fund (which will come from contingency funds) and an increase in the System Maintenance line.
- In the Little Log Church & Museum Fund: +\$1,610 – with \$462 coming from the actual Cash Carried Forward and \$1,248 an increase in the transfer from the General Fund (which will come from contingency funds).
- In the Parks & Commons Fund: +\$5,645 – an increase in the transfer from the General Fund (which will come from contingency funds) and an increase in the Maintenance – Building/Land.
- In the Water Fund: +\$19,830 – an increase in the Maintenance Line, funds to come from the contingency line.

Fund 10 - General Fund

- Mold is becoming a serious problem in the emergency supply containers. Central Lincoln PUD has given the City estimates for providing electrical service to the containers so that dehumidifiers can be used to protect the contents. The cost for installing the electrical services will be \$8,824.27. The cost to connect the electric lines will cost \$4,200 based on an estimate provided by Western States Electric. With an additional amount for the monthly service (using an estimate of \$30 per month based on the monthly charge for some of the City's other small accounts) and the purchase of the dehumidifiers, the total amount to add to the Emergency Preparedness Line in the General Fund is \$10,000. The City Recorder submitted an emergency preparedness grant application to the Lincoln County Board of Commissioners for \$2,500. The balance in funding will come from a reduction in the personnel expenses and contingency.
- The cash carried forward in the General Fund and the amount of Transient Rental Tax have been adjusted.

Fund 12 - Visitor Amenities Fund

- A line for Personnel Allocation is being added to the Visitors Amenities Fund. The amount for Personnel will reduce the amount of funds in reserve.
- When the Request for Proposal was published for the Visitors Center operations for 2014 additional tasks were added by requesting the contractor to continue to implement the Yachats Marketing Plan and extend the number of summer hours. One proposal was submitted – from the Yachats Chamber of Commerce. However, the costs related to performance of the additional duties was not anticipated when the budget was developed. \$10,482 is being moved from Reserved for Future Uses to the line item for the Visitors Center.
- The amount of cash carried forward in the Visitor Amenities Fund was more than anticipated, which offset some of the additional expenses.

Fund 15 - Capital Expenditures Reserve Fund

- Phase One of the work on the Little Log Church was not completed in the previous Fiscal Year 2012-2013, so it has been carried forward to the current fiscal year, increasing the expenditure by \$8,850. Funds to cover the increase will come from Cash Carried Forward.
- A project to replace all incandescent lamps with LED lamps and replacing lamps and ballasts in two fluorescent fixtures is recommended by the Little Log Church and Museum Board. The total cost of the project is \$1,420. Central Lincoln PUD will grant the City \$600 toward the project. The upgrades are estimated to save approximately \$220 each year, which is a 27% savings.
- An increase of \$5,860 in the Library Reserve Fund is necessary to cover the cost of replacing the alarm systems and replacing the ballasts in the lighting fixtures. The funds will come from the amount reserved for future uses.
- When the original budget was being prepared the Library did not submit any projects for the 2013-2014 Fiscal Year. In July it was discovered that there was extensive dry rot and the siding on one wall, at least would have to be replaced. As the budget officer I had included a placeholder of \$10,000 in the Reserve Fund for the Library. The siding cost \$7,814. The Library also required work on their alarms, which cost \$3,800 and they are requesting an upgrade to the lighting system which is estimated to cost \$1,781. The total line item for the Library is now proposed to be \$13,500.
- The Finance Committee has been discussing various changes to the Capital Improvement Projects for this year and the coming years. Because those changes result in less money being spent this year the budget was changed to reflect that in the allocations and the reserves for future years. Projects that will be carried forward to future years will be allocated from those funds.

Fund 21 - Street Fund

- The Grant funds from ODOT will be \$520,000 this year, so the Street Fund Revenue and Expenses are each being increased by \$20,000.

Fund 24 - Parks and Commons Fund

- The personnel allocations for the office staff has not been studied for some time. This year we have been monitoring the time required for certain tasks closely. So, some adjustments are necessary in the budget, particularly in the Parks and Commons Fund as a result of the activities related to the Community Calendar. A total of \$5,911 is being moved from the General Fund personnel expenses to the Parks and Commons Fund.

Fund 30 - Storm Drain System Fund

- The expenses related to the Storm Drain work completed by the City crew will exceed the amount of personnel related expenses allocated in the original 2013-2014 in the Storm Drain Fund. The personnel costs for the Storm Drain work are typically an allocation of the personnel expenses in the Street Fund transferred by Journal Entry. Because a larger amount of expenses will be moved from the Street Fund to the Storm Drain Fund, it is necessary to increase the Operating Transfer from the General Fund to the Storm Drain Fund, while the Operating Transfer from the General Fund to the Street Fund will be reduced by a like amount. The Line Items for Personnel Expenses in the Street Fund will be reduced as well. This change will decrease the Street Fund Budget by \$20,000 and increase the Storm Drain Fund by the same \$20,000.

Fund 60 - Water Fund

- Changes have been made to the revenue due to the base charge adjustment.
- Changes have also been made in the allocations for equipment repair, operations, utilities and maintenance.

Fund 70 - Sewer Fund

- The amount of cash carried forward was miscalculated for the Sewer Fund, so that amount is being changed to reflect the actual amount.
- The revenue has been changed due to the base charge adjustment.
- Rental of a standby generator and extensive repairs to the vac truck and other maintenance issues have exceeded the allocations in the Sewer Fund.

As a result of the adjusted cash carried forward and the increased expenses, the amount for a transfer from the Sewer Fund to the Reserve Fund has been eliminated

Significant Capital Asset and Long-term Debt Activity

There were several construction projects in progress during the fiscal year. The City maintains sufficient reserves to meet all bond and loan terms, and made all current payments on time. The loan payments for the Waste Water Treatment Systems Improvements continue to be funded with money from various sources such as Transient Rental Tax, Prepared Food and Beverage Tax, Urban Renewal Contributions, System Development Charges and user fees. The voters have authorized the City to issue up to 5.9 million dollars in General Obligation Bonds to repay the loans for that project; however, there has not yet been any need to issue those bonds since the other sources have generated sufficient funds to make the payments.

Capital assets used by the City in its Governmental and Proprietary Funds are shown in the following table:
Capital Assets Used by Governmental and Proprietary Activities
For the Year Ended June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Land and improvements	\$ 1,234,698	\$ 113,035	\$ 1,347,733
Buildings and improvements	1,303,249	57,827	1,361,076
Vehicles and equipment	602,413	304,274	906,687
Books and periodicals	234,268	-	234,268
Plant and system	-	3,694,016	3,694,016
Water reservoir	-	399,205	399,205
Wastewater treatment plant	-	7,411,371	7,411,371
Total assets	3,374,628	11,979,728	15,354,356
Less: accumulated depreciation	-	2,610,508	2,610,508
Capital assets, net	\$ 3,374,628	\$ 9,369,220	\$ 12,743,848

At June 30, 2014, the City had in outstanding debt \$ 7,003,067 compared to \$7,381,087 outstanding last year and \$ 337,931 of the debt outstanding at June 30, 2014 is due within one year. There was no new borrowing during the year ended June 30, 2014.

Component Unit

Included in the financial report is information for the Urban Renewal District. The District began activity during August of 2007. The District operates within a written agreement with the City that clearly defines District activities and establishes District support of the City. The District's compilation report is available at the City of Yachats' Commons.

Financial information for the component unit of the District is found in the financial statements blended with the City's financial activity. Summary information follows:

	<u>2014</u>		<u>2014</u>
Current assets	\$ <u>78,913</u>	Revenues	\$ 193,300
Current liabilities	\$ <u>856</u>	Expenses	(10,411)
		Other financing (uses)	<u>(412,457)</u>
		Net change in fund balance	(229,568)
		Beginning fund balance	<u>307,625</u>
Fund balance	\$ <u>78,057</u>	Ending fund balance	\$ <u>78,057</u>

Economic Factors and Next Year's Budget

The City does not expect next year's budget to be substantially different from the current 2013-2014 budget except a new fund was established for the ensuing 2014-2015 fiscal year, the Highway 101 Fund, to fund the construction of these improvements via transfers in from major Governmental Funds, and an Oregon Department of Transportation (ODOT) Grant. There has been an up-turn in the food and beverage tax and the transient rental tax revenue primarily due to tourism and the economy that was anticipated and accounted for in the ensuing year's budget by increasing these expected revenues. The water and sewer funds are stable and revenue is covering the operations

Requests for Information

The financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Current and previous audit reports are available on the City's document library (<http://yachatsdocuments.info/>). Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Recorder, City of Yachats, PO Box 345, Yachats, Oregon 97498.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

CITY OF YACHATS, OREGON
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,242,699	\$ 605,498	\$ 3,848,197
Unsegregated tax collections	898	-	898
Accounts receivable	23	103,980	104,003
Food and beverage taxes receivable	63,753	-	63,753
Inventory	3,305	28,919	32,224
Property taxes receivable	30,009	-	30,009
Transient room taxes receivable	115,396	-	115,396
Assessments receivable	359,148	-	359,148
Prepaid items	-	3,589	3,589
Capital assets, net	3,374,625	9,256,186	12,630,811
Total assets	<u>7,189,856</u>	<u>9,998,172</u>	<u>17,188,028</u>
LIABILITIES			
Accounts payable	46,803	5,509	52,312
Accrued interest payable	15,905	64,325	80,230
Accrued compensated absences	83,058	-	82,628
Bonds payable:			
Due within one year	17,138	320,793	337,931
Due in more than one year	549,289	6,115,847	6,665,136
Total liabilities	<u>712,193</u>	<u>6,506,474</u>	<u>7,218,237</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	4,580	4,580
NET POSITION			
Invested in capital assets, net of related debt	2,808,198	2,819,546	5,627,744
Restricted	834,579	566,395	1,400,974
Unrestricted	2,834,886	101,177	2,936,063
Total net position	<u>\$ 6,477,663</u>	<u>\$ 3,487,118</u>	<u>\$ 9,964,781</u>

See accompanying notes to the basic financial statements.

CITY OF YACHATS, OREGON
Statement of Activities
For the Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ 785,680	\$ 37,994	\$ 220,685
Public safety	9,049	-	-
Public works	156,840	43,522	-
Culture and recreation	99,964	1,665	-
Interest expense	32,137	-	-
Total governmental activities	1,083,670	83,181	220,685
Business-type activities			
Water	527,601	496,059	-
Sewer	759,436	464,669	-
Total business-type activities	1,287,037	960,728	-
Total government	\$ 2,370,707	\$ 1,043,909	\$ 220,685

General revenues

Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Transient room taxes
Food & beverage taxes
Franchise and public service tax
Intergovernmental
Interest and investment earnings
Other revenues
Transfers, net

Total general revenues and transfers

Change in net position

BEGINNING NET POSITION

ENDING NET POSITION

Net (Expense) Revenue and Changes in Net Position

	Governmental Activities	Business-type Activities	Total
	\$ (527,001)	\$ -	\$ (527,001)
	(9,049)	-	(9,049)
	(113,318)	-	(113,318)
	(98,299)	-	(98,299)
	(32,137)	-	(32,137)
	(779,804)	-	(779,804)
	-	(31,542)	(31,542)
	-	(294,767)	(294,767)
	-	(326,309)	(326,309)
	(779,804)	(326,309)	(1,106,113)
	230,250	-	230,250
	48,498	-	48,498
	511,712	-	511,712
	250,894	-	250,894
	81,155	-	81,155
	661,672	-	661,672
	16,789	900	17,689
	3,813	-	3,813
	(260,403)	269,403	9,000
	1,544,380	270,303	1,814,683
	764,576	(56,006)	708,570
	5,713,087	3,543,124	9,256,211
	\$ 6,477,663	\$ 3,487,118	\$ 9,964,781

FUND FINANCIAL STATEMENTS

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CITY OF YACHATS, OREGON
Balance Sheet
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General Fund</u>	<u>Visitor Amenities Fund</u>	<u>Capital Expenditures Fund</u>	<u>Street Fund</u>
ASSETS				
Cash and investments	\$ 78,863	\$ 342,889	\$ 1,756,500	\$ 617,803
Unsegregated tax collections	306	-	-	-
Property taxes receivable	6,021	-	-	-
Transient room taxes receivable	115,396	-	-	-
Food and beverage taxes receivable	-	-	63,753	-
Assessments receivables	-	-	359,148	-
Other receivables	23	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 200,609</u>	<u>\$ 342,889</u>	<u>\$ 2,179,401</u>	<u>\$ 617,803</u>
LIABILITIES				
Accounts payable	\$ 2,454	\$ 1,620	\$ 31,140	\$ 7,890
Accrued payroll taxes	170	-	-	-
Deferred revenue	4,603	-	203,320	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>7,227</u>	<u>1,620</u>	<u>234,460</u>	<u>7,890</u>
FUND BALANCES				
Restricted				
Debt service	-	-	-	-
Urban renewal	-	-	-	-
Streets	-	-	-	609,913
Construction, improvements, and equipment	-	-	1,944,941	-
Assigned	-	341,269	-	-
Unassigned	193,382	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>193,382</u>	<u>341,269</u>	<u>1,944,941</u>	<u>609,913</u>
Total liabilities and fund balances	<u>\$ 200,609</u>	<u>\$ 342,889</u>	<u>\$ 2,179,401</u>	<u>\$ 617,803</u>

See accompanying notes to the basic financial statements.

Urban Renewal District Fund (Component)	Other Governmental Funds	Total Governmental Funds
\$ 60,945	\$ 385,699	\$ 3,242,699
-	592	898
17,968	6,020	30,009
-	-	115,396
-	-	63,753
-	-	359,148
-	-	23
<u>\$ 78,913</u>	<u>\$ 392,311</u>	<u>\$ 3,811,926</u>
\$ -	\$ 3,529	\$ 46,633
-	-	170
856	5,001	213,780
<u>856</u>	<u>8,530</u>	<u>260,583</u>
-	146,609	146,609
78,057	-	78,057
-	-	609,913
-	-	1,944,941
-	-	341,269
-	291,073	484,455
<u>78,057</u>	<u>383,781</u>	<u>3,605,244</u>
<u>\$ 78,913</u>	<u>\$ 392,311</u>	<u>\$ 3,811,926</u>

CITY OF YACHATS, OREGON
Reconciliation of Governmental Funds Balance Sheet to
Statement of Net Position
June 30, 2014

TOTAL FUND BALANCES	\$ 3,605,244
Capital assets are not financial resources and therefore are not reported in the Governmental funds:	
Cost of capital assets	3,374,625
Inventory is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds.	3,305
Deferred property tax and assessments program revenue recognized as current activity and revenue recognition.	209,879
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:	
Interest payable	(15,905)
Sewer revenue bond serviced	(50,000)
Accrued compensated absences payable	(83,058)
Bonds payable	<u>(566,427)</u>
 TOTAL NET POSITION	 \$ <u>6,477,663</u>

See accompanying notes to the basic financial statements.

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CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General Fund</u>	<u>Visitor Amenities Fund</u>	<u>Capital Expenditure Reserve Fund</u>	<u>Street Fund</u>
REVENUES				
Property taxes	\$ 32,415	\$ -	\$ -	\$ -
Other taxes and assessments	573,860	-	258,259	-
Intergovernmental	30,339	-	-	557,395
Licenses and permits	18,983	-	-	-
Charges for services	25	-	-	-
Investment revenue	8,626	1,505	6,159	-
Sale of inventory	-	-	-	-
Other revenue	2,344	-	10,000	650
Total revenues	<u>666,592</u>	<u>1,505</u>	<u>274,418</u>	<u>558,045</u>
EXPENDITURES				
Current				
General government	288,582	103,351	-	-
Public safety	9,049	-	-	-
Public works	-	-	-	67,929
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	6,926	261,856	187,999
Total expenditures	<u>297,631</u>	<u>110,277</u>	<u>261,856</u>	<u>255,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>368,961</u>	<u>(108,772)</u>	<u>12,562</u>	<u>302,117</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	96,457	138,787	226,084	307,840
Operating transfers out	<u>(449,413)</u>	<u>(21,913)</u>	<u>(262,000)</u>	<u>(3,867)</u>
Total other financing sources (uses)	<u>(352,956)</u>	<u>116,874</u>	<u>(35,916)</u>	<u>303,973</u>
Net change in fund balances	16,005	8,102	(23,354)	606,090
BEGINNING FUND BALANCE	<u>177,377</u>	<u>333,166</u>	<u>1,968,295</u>	<u>3,824</u>
ENDING FUND BALANCE	<u>\$ 193,382</u>	<u>\$ 341,268</u>	<u>\$ 1,944,941</u>	<u>\$ 609,914</u>

See accompanying notes to the basic financial statements.

Urban Renewal District Fund (Component Unit)	Other Governmental Funds	Total Governmental Funds
\$ 193,276	\$ 48,498	\$ 274,189
-	-	832,119
-	73,938	661,672
-	-	18,983
-	83,181	83,206
24	475	16,789
-	261	261
-	3,614	16,608
<u>193,300</u>	<u>209,967</u>	<u>1,903,827</u>
10,411	-	402,344
-	-	9,049
-	88,911	156,840
-	99,964	99,964
-	66,322	66,322
-	32,137	32,137
-	11,168	467,949
<u>10,411</u>	<u>298,502</u>	<u>1,234,605</u>
<u>182,889</u>	<u>(88,535)</u>	<u>669,222</u>
-	244,832	1,014,000
<u>(412,457)</u>	<u>(124,753)</u>	<u>(1,274,403)</u>
<u>(412,457)</u>	<u>120,079</u>	<u>(260,403)</u>
(229,568)	31,544	408,819
<u>307,625</u>	<u>356,183</u>	<u>3,146,470</u>
<u>\$ 78,057</u>	<u>\$ 387,727</u>	<u>\$ 3,555,289</u>

CITY OF YACHATS, OREGON
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
For the Year Ended June 30, 2014

NET CHANGE IN FUND BALANCE	\$	408,819
 Amounts reported for governmental activities in the Statement of Activities are different because:		
Property taxes receivable in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		4,559
LID assessments receivable in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		203,320
Governmental funds report capital outlay as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities.		131,986
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Change in compensated absences payable		(430)
Change in long-term debt payable		16,322
		16,322
CHANGE IN NET POSITION	\$	<u>764,576</u>

See accompanying notes to the basic financial statements.

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CITY OF YACHATS, OREGON
Statement of Net Position
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sewer Debt Service 2006- 2008 Fund</u>
ASSETS			
Current assets			
Cash and investments	\$ 64,723	\$ 11,377	\$ 529,398
Accounts receivable	52,922	51,058	-
Prepaid items	3,589	-	-
Inventory	10,759	18,160	-
Total current assets	131,993	80,595	529,398
Noncurrent assets			
Capital assets, net	2,803,061	1,410,626	-
Total assets	2,935,054	1,491,221	529,398
LIABILITIES			
Current liabilities			
Accounts payable	4,077	1,432	-
Accrued interest payable	12,565	-	51,760
Deferred revenue	4,580	-	-
Revenue bonds payable - current portion	13,757	-	-
OECDD and DEQ loans payable - current portion	-	-	307,036
Total current liabilities	34,979	1,432	358,796
Noncurrent liabilities			
Revenue bonds payable	518,505	-	-
OECDD and DEQ loans payable, net	-	-	5,597,342
Total noncurrent liabilities	518,505	-	5,597,342
Total liabilities	553,484	1,432	5,956,138
NET POSITION			
Invested in capital assets, net of related debt	2,270,799	1,410,626	(5,904,378)
Restricted	26,322	62,435	477,638
Unrestricted	84,449	16,728	-
Total net position	\$ 2,381,570	\$ 1,489,789	\$ (5,426,740)

See accompanying notes to the basic financial statements.

Sewer Construction Fund	Total
\$ -	\$ 605,498
-	103,980
-	3,589
-	28,919
<u>-</u>	<u>741,986</u>
5,042,499	9,256,186
<u>5,042,499</u>	<u>9,998,172</u>
-	5,509
-	64,325
-	4,580
-	13,757
-	307,036
<u>-</u>	<u>395,207</u>
-	518,505
<u>-</u>	<u>5,597,342</u>
-	6,115,847
<u>-</u>	<u>6,511,054</u>
5,042,499	2,819,546
-	566,395
-	101,177
<u>5,042,499</u>	<u>3,487,118</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenses, and Changes in Fund Net Position
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sewer Debt Service 2006- 2008 Fund</u>
OPERATING REVENUES			
Charges for services	\$ 496,059	\$ 463,776	\$ -
Intergovernmental	-	-	-
Other revenues	-	893	-
Total operating revenues	<u>496,059</u>	<u>464,669</u>	<u>-</u>
OPERATING EXPENSES			
Public works			
Personal services	236,778	208,969	-
Materials and services	180,469	175,994	-
Depreciation	85,835	4,736	-
Total operating expenses	<u>503,082</u>	<u>389,699</u>	<u>-</u>
Operating income (loss)	<u>(7,023)</u>	<u>74,970</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment revenue	300	600	-
Debt service	(24,519)	(3,029)	(218,282)
Operating transfers in	-	-	452,000
Operating transfers out	(107,597)	(75,000)	-
Total non-operating revenues (expenses)	<u>(131,816)</u>	<u>(77,429)</u>	<u>233,718</u>
Change in net position	(138,839)	(2,459)	233,718
BEGINNING NET POSITION, as adjusted	<u>2,520,409</u>	<u>1,492,248</u>	<u>(5,660,458)</u>
ENDING NET POSITION	<u>\$ 2,381,570</u>	<u>\$ 1,489,789</u>	<u>\$ (5,426,740)</u>

See accompanying notes to the basic financial statements.

Sewer Construction Fund	Total
\$ -	\$ 959,835
-	-
-	893
<u>-</u>	<u>960,728</u>
-	445,747
-	356,463
148,426	238,997
<u>148,426</u>	<u>1,041,207</u>
<u>(148,426)</u>	<u>(80,479)</u>
-	900
-	(245,830)
-	452,000
-	(182,597)
<u>-</u>	<u>24,473</u>
(148,426)	(56,006)
<u>5,190,925</u>	<u>3,543,124</u>
<u>\$ 5,042,499</u>	<u>\$ 3,487,118</u>

CITY OF YACHATS, OREGON
Statement of Cash Flows
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sewer Debt Service 2006- 2008 Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 490,699	\$ 460,560	\$ -
Cash payments for goods and services	(187,771)	(175,994)	-
Cash payments to employees	<u>(236,778)</u>	<u>(208,969)</u>	-
Net cash provided by operating activities	<u>66,150</u>	<u>75,597</u>	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	-	452,000
Operating transfers (out)	<u>(107,597)</u>	<u>(75,000)</u>	-
Net cash provided by noncapital financing activities	<u>(107,597)</u>	<u>(75,000)</u>	452,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond interest paid	(29,137)	(13,105)	(177,057)
Repayment of bond principal	(16,322)	(26,874)	(307,086)
Acquisition, disposal, and adjustments of fixed assets	<u>51,722</u>	<u>46,557</u>	<u>(14,327)</u>
Net cash provided by (used for) capital and related financing activities	<u>6,263</u>	<u>6,578</u>	<u>(498,470)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	<u>300</u>	<u>600</u>	-
Increase (decrease) in cash and investments	(34,884)	7,775	(46,470)
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>99,607</u>	<u>3,602</u>	<u>575,818</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 64,723</u>	<u>\$ 11,377</u>	<u>\$ 529,348</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (loss)	\$ <u>(7,023)</u>	\$ <u>74,970</u>	\$ <u>-</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	85,835	4,736	-
Decrease (increase) in accounts receivable	(5,360)	(4,109)	-
Increase (decrease) in payables	<u>(7,302)</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>73,173</u>	<u>627</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 66,150</u>	<u>\$ 75,597</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Sewer Construction Fund	Total
\$ -	\$ 951,259
-	(363,765)
-	(445,747)
<u>-</u>	<u>141,747</u>
-	452,000
-	(182,597)
<u>-</u>	<u>269,403</u>
-	(219,299)
-	(350,282)
-	83,952
<u>-</u>	<u>(485,629)</u>
-	900
-	(73,579)
-	679,027
<u>\$ -</u>	<u>\$ 605,448</u>
\$ <u>(148,426)</u>	\$ <u>(80,479)</u>
148,426	238,997
-	(9,469)
-	(7,302)
<u>148,426</u>	<u>222,226</u>
\$ <u>-</u>	\$ <u>141,747</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes to the basic financial statements consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America.

**CITY OF YACHATS
Lincoln County, Oregon**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units as required by Oregon law for Cities. The more significant of the City's accounting principles are described below.

During the previous 2012-13 fiscal year, the City adopted and implemented Government Accounting Standard Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

During the previous 2012-13 fiscal year, the City adopted and implemented Government Accounting Standard Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement calls for deferred outflows of resources to be reported separately from assets, and for deferred inflows of resources to be reported separately from liabilities. It also calls for the net difference between these four elements to be described as net position, rather than as net assets.

During the previous 2012-13 fiscal year, the City adopted and early implemented Government Accounting Standard Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement reclassifies and recognizes certain items currently reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

A. Reporting Entity and Nature of Operations

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of the ability to exercise oversight responsibility include, but are not limited to, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the City's geographic boundaries and is generally available to the citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibility. Based upon the application of these criteria, the City has one component unit that is included in these financial statements which is the City's Urban Renewal City, a blended component unit.

B. Basis of Presentation

The Statement of Net Position and the Statement of Activities display information about the City. These statements include the governmental financial activities as well as the business-type activities of the City. Governmental activities are financed primarily through property taxes, transient room taxes, food and beverage taxes, intergovernmental revenues, and charges for services. The food and beverage taxes, however, are generally dedicated by the City to service the Sewer Project's debt incurred. The business-type activities are financed primarily through charges for services.

C. Measurement Focus and Basis of Accounting – Government Wide

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City receives value without giving equal value in exchange, include property and transient room taxes, grants, entitlements and donations. Under the accrual basis of accounting, revenue from property, transient room, special assessments, and food and beverage taxes are recognized in the fiscal year for which all eligibility requirements have been satisfied.

D. Fund Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method revenues are recognized when they become both measurable and available to pay liabilities of the current period. The City's primary sources of revenue, property taxes, transient room taxes, special assessments, and food and beverage taxes, are considered available if collected within 60 days following year-end. Special Assessments (NOTE 1 G) are considered program revenues as required by GASB. Expenditures are recorded when the related fund liability is incurred, except principal and interest on long-term debt. Principal and interest on general long-term debt are recorded as fund liabilities when due. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. The City currently has only governmental and proprietary funds. The emphasis of fund financial statements is on major funds, each of which is displayed in a separate column. All non-major funds are aggregated and reported as other governmental funds.

Governmental Funds

Governmental funds are used to account for most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition and/or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the funds' on-going operations. The primary operating revenues are charges to customers. Operating expenses include cost of sales, personnel costs, administration expenses and depreciation.

All proprietary funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is utilized by proprietary fund types where revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Funds

The City reports the following *major governmental funds*:

- **General Fund** – This fund accounts for all revenues and expenditures except for those required to be accounted for in another fund. The principal revenue sources are transient room taxes and property taxes.
- **Visitor Amenities Fund** – This fund is a Special Revenue Fund that is supported primarily by transfers in to be utilized for enhancements, facilitations, and continued improvements to the City's tourism programs and revenue sources.
- **Capital Expenditure Reserve Fund** – This fund is a Special Revenue Fund that accounts for resources to be used for purchase of capital assets to be used by either governmental or proprietary funds. Also, transfers out are utilized to service existing sewer debt. The primary revenue sources for this fund are food and beverage taxes, special assessment program revenue, earnings on investments, intergovernmental grants, and transfers from other funds.
- **Street Fund** – This fund accounts for state highway gas tax revenues, utilized for maintenance, repair, improvements, and construction of City streets.
- **Urban Renewal City** – This fund is a blended component unit of the City that receives property taxes to pay for projects and programs to improve the Urban Renewal City.

There are the following *non-major governmental funds*:

- **System Development Charges Fund** – This fund accounts for acquisition and construction of improvements and expansion of infrastructure assets.
- **Debt Service Reserve Fund** – This fund accounts for money held in reserve for debt service as required by various loan covenants.
- **Library Fund** – This fund accounts for operation of the library.
- **Log Church Museum Fund** – This fund accounts for operations and maintenance of the Little Log Church and is funded primarily from charges for services.
- **Parks & Commons Fund** – This fund is a Special Revenue Fund that accounts for resources primarily derived from transfers in to be utilized to enhance, facilitate, and improve recreational areas within the City, such as City parks, pathways, etc.
- **Storm Drain Systems Fund** – This fund is primarily funded by transfers in from other funds for the purpose of public works obligation.

- **U.S. Forrest Service Contract Fund** – This fund, initially established during the 2013-14 fiscal year accounts for revenue and contract proceeds from the US Forrest Service.

The City reports the following *Debt Service Fund*:

- **1992 Water Debt Service Fund** – This fund accounts for accumulation of resources and payments of principal and interest on the 1992 bond issue.

There are the following *major proprietary funds*:

- **Water Operating Fund** – This fund accounts for activities of the Water Department.
- **Sewer Operating Fund** – This fund accounts for activities of the Sewer Department.
- **Sewer Debt Service 2006-2008 Project Fund** – This fund was established to account for transfers in, primarily from user fees and food and beverage taxes, above, to service the debt incurred through Oregon Economic and Community Development Department (OECDD) and the Oregon Department of Environmental Quality (DEQ) during the construction of the City's wastewater treatment plant (Sewer Project).
- **Sewer Construction Fund** – The fund accounts for the state DEQ loan proceeds with costs for the construction of a new wastewater treatment plant and related sewer system improvements.

E. Budgets

A budget is prepared and legally adopted for each governmental fund type in accordance with legal requirements set forth in the Oregon Local Budget Law. The resolution authorizing appropriations for each fund sets the maximum legal level of expenditures. Appropriations are adopted in the categories of personal services, materials and services, capital outlay, debt service, interfund transfers, and contingencies by fund. Appropriations lapse at year end.

Unexpected additional revenues may be added to the budget through the adoption of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Budget amounts shown in the financial statements include the original budget amounts plus any approved appropriation transfers and supplemental budgets. All funds are budgeted using the modified accrual basis of accounting.

The budget comparison schedules prepared for individual accounts are presented on the modified basis method of accounting with employee advances and withholdings recorded along with debt principal and capital outlay expenditures incurred. Under this method revenue is recorded when received and disbursements are recorded when obligations are paid. The cash basis method of accounting is not consistent with generally accepted accounting principles (GAAP) but is in compliance with Oregon Local Budget Law.

The City does not expect next year's budget to be substantially different from the current 2013-2014 budget except a new fund was established for the ensuing 2014-2015 fiscal year, the Highway 101 Fund, to fund the construction of these improvements via transfers in from major Governmental Funds, and an Oregon Department of Transportation (ODOT) Grant.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The budgetary fiscal period coincides with the annual reporting period (July 1 through June 30). Appropriated budgets are adopted by the executive body and, accordingly, used as a management control device for all funds. The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The budget officer submits to the budget committee a proposed operating budget for the fiscal year commencing the following July 1. The operating budget included proposed expenses and the means of financing them, along with estimates for the current year, and actual data for the two preceding years. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The resolution authorizing appropriations for each fund sets the level by which disbursements cannot legally exceed appropriations. The City has appropriated by personal services, materials and services, capital outlay, special payments, debt service, transfers, and operating contingency.

The original budget document contains more specific, detailed information for these disbursements categories.

2. The Budget Committee submits to the City Council an approved operating budget for the ensuing fiscal year.
3. Public hearings are conducted to obtain taxpayer and other interested parties' comments.
4. Prior to July 1, the budget is legally adopted and expenditures are appropriated through the passage of a resolution. The City Council does have the authority to make certain limited changes in the budget figures approved by the Budget Committee when it adopts the budget.
5. Any revisions of appropriations, whether within a fund or between funds, require Board approval in the form of a resolution or ordinance by the Board. Supplemental budgets are prepared and adopted in the same manner as the regular budget in order to have the budget authority to make disbursements from unanticipated receipts. The presented budgetary information has been amended by resolutions and supplemental budget.
6. Budgets are adopted for each fund on the cash basis in compliance with Oregon Local budget Law, under which revenues and related assets are recognized when received rather than when earned, and expenses are recognized when paid, rather than when the obligation is incurred, which is not intended to be in accordance with generally accepted accounting principles.
7. Formal budget integration is employed for all the funds. All annual appropriations lapse at fiscal year end.

We reviewed the preparation, adoption, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget.

Based on the results of our tests, the City has complied with statutory requirements for the current and ensuing year's budgets.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

F. Cash and Investments

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that all funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

State statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the U. S. Treasury and its agencies, the Oregon State Treasury's Local Government Investment Pool (LGIP), and demand deposits. The City's investments are entirely with the LGIP. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In

seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

G. Accounts Receivable and Revenues

Property Taxes Receivable – Property taxes are levied and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Transient Room Taxes Receivable – Transient room taxes are recognized as revenues when earned, and receivables at year end were \$115,275.

Of the City's General Fund revenues of \$666,592 for the year ended June 30, 2014, \$511,712 or 77% was received from Transient Lodging Tax Revenues. Of the total Transient Lodging Tax Revenues 58% were received from three motels within the City.

Also, the City collects revenues from a Food and Beverage Tax in the Capital Expenditure Reserve Fund that totaled \$250,894 for the 2013-2014 fiscal year, of which \$63,753 was included in accounts receivable at year end. The City recognized L.I.D. Special Assessment program revenues of \$202,405 for 2013-14 of which \$359,148 was a year end receivable. These special assessments are considered program revenues, to be available when they are due, and the City determined during the current 2013-14 year that even assessments without signed payment agreements were considered viable receivables and revenue.

An East Hillside Local Improvement City (L.I.D.) was formed during the previous fiscal years to facilitate funding and construction of a residential development within the City. Primarily, these L.I.D. funds were used for completion of necessary infrastructure (such as a water, sewer, and electrical system, etc.). The City funded substantial portions of these L.I.D. capital construction costs. The costs of these improvements were assessed to the individual property owners who, in turn, are reimbursing the City over a period of up to fifteen years the amounts expended for these developments. Receivables for these L.I.D. assessments are recorded in the government-wide financial statements as specific program revenue (under general government operating contributions) when earned. Some of the property owners elected not to sign agreements with the City to pay the total assessment over the fifteen year period. The City holds liens on all of the assessed properties.

Receivables for federal and state grants, and state, county, and local shared revenue, are recorded when due from other governments.

H. Inventories

The inventory of materials and supplies in the proprietary funds is stated at cost on the first-in, first-out basis.

I. Capital Assets

Capital assets are recorded at original or estimated original historical cost. Donated capital assets are recorded at their estimated fair market value at the time received. The City defines capital assets as assets with an initial cost of at least \$5,000 and an estimated initial useful life extending beyond a single reporting period. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets used in the proprietary funds are depreciated using the straight-line method over the following useful lives:

Vehicles, furniture, and equipment	10 years
Buildings	20 years
Water plant and system	30 years
Sewer plant and system	50 years

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated

depreciation and resulting gains or losses are reflected in income.

Capital assets used by governmental activities are not supported by a detailed capital asset depreciation schedule and no depreciation has been recorded on these assets (NOTE 4). While the City does not depreciate general governmental capital assets, they set aside financial reserves for City major capital improvements and replacements to ensure fiscal responsibility such as reflected in the

Capital Expenditure Reserve Fund's \$1,756,500 cash balance at June 30, 2014. In lieu of governmental capital asset depreciation, the City is intending to ensure there are sufficient resources to replace or repair the asset at the end of its useful life. Since the depreciated value is based on historical cost at acquisition, ultimate replacement or repair costs could end up costing considerably more than the resources set aside attempting to fund assets' depreciation of value.

The City of Yachats uses an approach based on estimated replacement costs. The replacement cost is periodically revised to reflect the effect of inflation. The City's approach to adequately eventually accumulate funds to replace capital assets at current fair value costs, rather than historical acquisition amounts, is conceptually more so reflective of actual future obligations the City is likely to incur when it is necessary to replace the respective capital assets. Along with this process and approach, the City maintains a Finance Committee with the objective of continually monitoring long-term financing needs of the City, identifying potential financial problems, and preparing recommendations in order for the City Council to address and appropriately act on them.

J. Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position.

K. Retirement Plans

Substantially all of the City's employees are participants in the Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenses/expenditures as funded. Due to a pending lawsuit by others against the PERS program as a whole the City began reserving monies (initially during the current 2013-2014 fiscal year) which are being set aside within respective City investment accounts to self-fund potential future liability resulting from the ultimate outcome which is unknown at the time of the audit report date.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. All unused vacation pay is accrued when earned in the government-wide financial statements, and a liability for these amounts is reported in the basic financial statements of the governmental activities.

	<u>Balance at 7/1/13</u>	<u>Additions</u>	<u>Used</u>	<u>Balance at 6/30/14</u>
Compensated absences payable	\$ 82,628	\$ 28,497	\$ (28,067)	\$ 83,058

M. Net Position

Net position comprise the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position are classified in the following categories:

- 1. Invested in capital assets** – Consists of net assets that are invested in buildings, equipment, and other capital assets of the City.
- 2. Restricted** – Consists of external constraints placed on net position use by creditors, grantors, contributors, laws or regulations of other governments, constraints imposed by law through constitutional provisions, or enabling legislation.
- 3. Unrestricted net position** – Consists of all other net assets that are not included in the other categories previously mentioned.

N. Fund Equity

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation). Also, these are amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The details of the fund balances are included in the Balance Sheet of Governmental Funds. As noted in NOTE 1 D, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by an authorized City official. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order, as applicable.

O. Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and investments at June 30, 2014 consisted of the following:

Petty Cash	\$ 150
Cash in checking accounts (book balances)	285,926
Cash in Local Government Investment Pool	<u>3,754,295</u>
	<u>\$ 4,040,371</u>

Cash and investments are reported on the combined balance sheet as follows:

Total Cash and investments	<u>\$ 4,040,371</u>
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Cash and investments by funds at June 30, 2014:

Governmental Funds	
Major Governmental Funds	
General Fund	\$ 78,862
Visitor Amenities Fund	342,889
Capital Expenditure Reserve Fund	1,756,500
Street Fund	614,917
Urban Renewal City Fund	290,513
Nonmajor Governmental Funds	
Parks & Commons Fund	22,633
System Development Charges Fund	175,821
Debt Service Reserve Fund	139,817
Others	<u>11,686</u>
Total Governmental Funds	<u>3,434,873</u>
Proprietary/Enterprise Funds	
Water Fund	64,723
Sewer Fund	11,377
Sewer Debt Service Fund	<u>529,398</u>
Total Proprietary/Enterprise Funds	<u>605,498</u>
Total cash and investments	<u>\$ 4,040,371</u>

NOTE 3 – DEPOSITS AND INVESTMENTS**A. Deposits****Deposits with financial institutions**

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2014. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk (below) that exists.

Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2014, the carrying amounts of the City deposits in various financial institutions were \$285,926 and the bank balances were \$302,664. All deposits are held in the name of the City. At June 30, 2014 the City's deposits were covered by federal depository insurance and certifications of participation.

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. The City does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

B. Investments

The City has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2014. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an 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 amortized cost, which approximated fair value.

Credit Risk. State Statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for governmental activities of the City for the year ended June 30, 2014 was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITY CAPITAL ASSETS				
Land and improvements	\$ 1,183,292	\$ 51,406	\$ -	\$ 1,234,698
Buildings and improvements	1,257,230	46,019	-	1,303,249
Vehicles and equipment	567,849	34,561	-	602,413
Books and periodicals	234,268	-	-	234,268
Total governmental capital assets	\$ 3,242,639	\$ 131,986	\$ -	\$ 3,374,625
BUSINESS TYPE ACTIVITY CAPITAL ASSETS				
Capital assets not depreciated				
Land	\$ 113,035	\$ -	\$ -	\$ 113,035
Capital assets being depreciated				
Building and improvements	57,827	-	-	57,827
Vehicles and equipment	304,274	-	-	304,274
Water plant and system	3,687,578	6,438	-	3,694,016
Water reservoir	399,205	-	-	399,205
Wastewater treatment plant/system	7,411,371	-	-	7,411,371
Total capital assets being depreciated	\$ 11,860,255	\$ 6,438	\$ -	\$ 11,866,693
Less accumulated depreciation				
Buildings and improvements	51,621	1,998	-	53,619
Vehicles and equipment	272,521	6,123	-	278,644
Water plant and system	1,312,106	74,464	-	1,386,570
Water reservoir	142,164	7,986	-	150,150
Wastewater treatment plant/system	593,098	148,426	-	741,524
Total accumulated depreciation	2,371,510	238,997	-	2,610,507
Business-type activities cap. assets, net	9,601,780	(232,559)	-	9,256,186
TOTAL NET CAPITAL ASSETS	\$ 12,844,419	\$ 232,559	-	\$ 9,256,186

Acquisitions of assets during 2013-2014 totaled \$131,986 for governmental activities and \$ 6,438 for the business-type activities.

As discussed in NOTE 1 I, the City does not maintain a detailed capital asset depreciation schedule for the governmental activities. Therefore, no depreciation has been charged to governmental activities. Depreciation expense in the amount of \$238,997 was charged to the business-type activities for the fiscal year.

NOTE 5 – LONG-TERM DEBT

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations, and the current portions due for each issue.

	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>7/01/13 Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>6/30/14 Ending Balance</u>	<u>Due in One Year</u>
Governmental activities								
General Obligation Bonds								
12/10/94 Water Bond	\$ 780,000	2034	5%	\$ 582,749	-	\$ 15,544	\$ 566,427	\$ 16,322
Total governmental activities				\$ 582,749	\$ -	\$ 49,544	\$ 566,427	\$ 16,322
Business-type activities								
Revenue Bonds								
12/10/93 Water Bond	\$ 80,700	2033-34	5%	\$ 60,959	\$ -	\$ 1,704	\$ 59,255	\$ 1,791
12/10/93 Water Bond	216,000	2033-34	5%	160,781	-	4,494	156,217	4,722
1/26/98 Water Bond	396,000	2037-38	4.875%	323,697	-	6,907	316,790	7,244
12/1/95 Sewer Bond	570,000	2014-14	6.4-6.6%	50,000	-	50,000	-	-
Loans								
6/17/05 DEQ Loan	6,671,721	2029	2.9%	5,732,572	-	286,176	5,446,396	294,534
5/27/09 OECD Loan	519,343	2933	3.0-4.75%	470,399	-	12,417	457,982	12,502
Total business-type activities				\$ 6,798,408	\$ -	\$ 371,698	\$ 6,436,640	\$ 320,793

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Revenue bonds are obligations that will be paid from revenue generated by the respective water or sewer business-type activities of the City, as will the loans incurred for the Sewer Project.

Annual debt service requirements to maturity for bonded indebtedness are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest and Fees
2015	\$ 17,138	\$ 28,321	\$ 13,757	\$ 26,221	\$ 307,036	\$ 203,558
2016	17,995	27,464	14,438	25,540	315,740	192,960
2017	18,894	26,565	15,151	24,827	329,699	182,063
2018	19,839	25,620	15,898	24,081	338,920	170,659
2019	20,831	24,628	16,680	23,298	348,412	158,939
2020-2024	120,859	106,437	96,615	103,276	1,899,690	605,978
2025-2029	154,250	73,045	122,920	76,971	2,208,198	252,646
2030-2034	196,621	30,428	156,397	43,495	156,683	22,920
2035-2038	-	-	80,406	10,008	-	-
Total	\$ 566,427	\$ 342,508	\$ 532,262	\$ 357,717	\$ 5,904,378	\$ 1,789,722

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General Fund	\$ 96,457	\$ 449,413
Visitor Amenities Fund	138,787	21,913
Capital Expenditure Reserve Fund	226,084	262,000
Street Fund	307,840	3,867
Urban Renewal City (component unit)	-	412,457
Total Major Governmental Funds	<u>769,168</u>	<u>1,149,650</u>
Nonmajor Governmental Funds		
System Development Fund	-	70,000
Storm Drain System Fund	152,000	-
Library Fund	18,836	3,316
Log Church Museum Fund	13,823	16,437
Parks & Commons Fund	60,173	35,000
Total Nonmajor Governmental Funds	<u>224,832</u>	<u>124,753</u>
Proprietary Funds		
Water Fund	-	107,597
Sewer Fund	-	75,000
Sewer Debt Service 2006-2008 Project Fund	452,000	-
Total Proprietary Funds	<u>452,000</u>	<u>182,597</u>
Total	<u>\$ 1,466,000</u>	<u>\$ 1,457,000</u>

Transfers in were \$9,000 more than transfers out.

Interfund Receivables, Payables, and Transfers – Principal Purposes

Transfers are routinely made for the following purposes:

- To move revenues from the fund in which statute or budget requires them to be collected to the fund from which statute or budget requires them to be expended;
- To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due
- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations;
- To move revenues collected from restricted sources to other funds to pay for direct expenses; and
- To move monies to start a new fund.

During fiscal year 2014 all transfers reported above were made for one of these purposes.

NOTE 7 – PENSION PLANS***Public Employees Retirement System***

Plan Description. The City of Yachats, Oregon, contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees and State Legislature.

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling (503) 598-7377.

Funding Policy. Plan members are required to contribute 6.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. For the City's portion, the current rate is 9.55% of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan (ORSRP). The rate for ORSRP is set at 7.36% of annual general service covered payroll. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees and State Legislature. The City's contributions to PERS for the years ended June 30, 2014, 2013, and 2012, were \$43,000, \$42,278 and \$42,517, respectively, equal to the required contributions for each year.

NOTE 8 – RISK MANAGEMENT AND CONCENTRATIONS

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to defray these and other risks of loss including excess liability, workers' compensation, boiler and machinery, public official bond and employee dishonesty and contractor's license bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City's transient room and food and beverage tax revenues reported income during the current year ended June 30, 2014 as being derived from two motels; one had 25% of transient room tax and 23% of food and beverage tax revenues, and, the other had 24% of transient room tax and also 24% of food and beverage tax revenues. These two revenue categories are the largest sources of income for both the General Fund and Capital Expenditures Reserve Fund.

Over the past four or five years, the City has experienced substantial increases in the number of vacation rental properties licensed with the City. The City also has continued to incur current efforts ramping up marketing ideas, calling specific attention to vacation rental opportunities in Yachats, Oregon. The City is continuing these efforts during the subsequent 2014-2015 fiscal period. So far this work-in-progress marketing strategy has shown positive results.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the 2013-2014 fiscal year, a council member and spouse contributed \$10,000 to the City. Subsequent to the fiscal year end this same council member and spouse also contributed another \$10,000 to the City.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

On March 8, 2005 voters in the City approved a bond measure. This measure authorizes the City of issue up to \$5.9 million to construct, expand and improve the City's sewer system. As of the audit report date, the City has not issued these bonds.

Bonds issued by a city for water; sanitary or storm sewers; sewage disposal plants; hospitals; infirmaries; gas, power, or lighting purposes; the acquisition, establishment, construction, or reconstruction of any off-street motor vehicle parking facility; or bonds issued pursuant to applications to pay assessments for improvements in installments under statutory or city charter authority are not subject to the debt limitation imposed by Oregon Revised Statutes 287.004.

NOTE 11 – SUBSEQUENT EVENTS

Professional standards require evaluation and disclosure of significant events affecting the City that take place subsequent to the current fiscal year ended June 30, 2014. As of December 9, 2014 (the date the financial statements were available for issuance) there were no such occurrences noted whose nondisclosure would render the current fiscal year's financial statements to be misleading.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
GENERAL FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 37,500	\$ 37,500	\$ 32,415	\$ (5,085)
Other taxes	545,600	562,600	573,860	11,260
Intergovernmental	25,034	27,534	30,339	2,805
Licenses and permits	19,500	19,500	18,983	(517)
Fines and forfeitures	200	200	25	(175)
Investment revenue	6,000	6,000	8,626	2,626
Other revenue	6,062	6,062	2,344	(3,718)
	<u>639,896</u>	<u>659,396</u>	<u>666,592</u>	<u>7,196</u>
EXPENDITURES				
General government				
Personal services	133,704	121,867	114,048	7,819
Materials and services	189,602	186,152	174,534	11,618
Total general government	<u>323,306</u>	<u>308,019</u>	<u>288,582</u>	<u>19,437</u>
Public safety				
Materials and services	5,000	15,000	9,049	5,951
Contingency	71,640	44,600	-	44,600
	<u>399,946</u>	<u>367,619</u>	<u>297,631</u>	<u>69,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>239,950</u>	<u>291,777</u>	<u>368,961</u>	<u>77,184</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	96,457	96,457	96,457	-
Operating transfers out	(411,407)	(449,413)	(449,413)	-
Total other financing sources (uses)	<u>(314,950)</u>	<u>(352,956)</u>	<u>(352,956)</u>	<u>-</u>
Net change in fund balance	(75,000)	(61,179)	16,005	77,184
BEGINNING FUND BALANCE	<u>75,000</u>	<u>61,179</u>	<u>177,377</u>	<u>116,198</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,382</u>	<u>\$ 193,382</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
VISITOR AMENITIES FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment revenue	\$ 1,505	1,505	\$ 1,505	\$ -
Total revenues	<u>1,505</u>	<u>1,505</u>	<u>1,505</u>	<u>-</u>
EXPENDITURES				
General government				
Personal services	-	800	800	-
Materials and services	107,703	118,304	102,551	15,753
Capital outlay	<u>23,650</u>	<u>23,650</u>	<u>6,926</u>	<u>16,724</u>
Total expenditures	<u>131,353</u>	<u>142,754</u>	<u>110,277</u>	<u>32,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(129,848)</u>	<u>(141,249)</u>	<u>(108,772)</u>	<u>32,477</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	138,787	138,787	138,787	-
Operating transfers out	<u>(21,913)</u>	<u>(21,913)</u>	<u>(21,913)</u>	<u>-</u>
Total other financing sources (uses)	<u>116,874</u>	<u>116,874</u>	<u>116,874</u>	<u>-</u>
Net change in fund balance	(12,974)	(24,375)	8,102	32,477
BEGINNING FUND BALANCE	<u>315,452</u>	<u>333,127</u>	<u>333,166</u>	<u>39</u>
ENDING FUND BALANCE	<u>\$ 302,478</u>	<u>\$ 307,752</u>	<u>\$ 341,268</u>	<u>\$ 32,516</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CAPITAL EXPENDITURE RESERVE FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Food and beverage tax revenue	\$ 225,000	225,000	\$ 250,894	\$ 25,894
LID assessments	15,653	15,653	7,365	(8,288)
Anticipated Grants	10,000	10,000	10,000	-
Intergovernmental	73,150	73,150	-	(73,150)
Investment revenue	5,986	5,986	6,159	173
	<u>329,789</u>	<u>329,789</u>	<u>274,418</u>	<u>(55,371)</u>
Total revenues				
EXPENDITURES				
Capital outlay	<u>939,950</u>	<u>778,282</u>	<u>261,856</u>	<u>516,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(610,161)</u>	<u>(448,493)</u>	<u>12,562</u>	<u>461,055</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	391,185	226,084	226,084	-
Operating transfers out	<u>(262,000)</u>	<u>(262,000)</u>	<u>(262,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>129,185</u>	<u>(35,916)</u>	<u>(35,916)</u>	<u>-</u>
Net change in fund balance	(480,976)	(484,409)	(23,354)	461,055
BEGINNING FUND BALANCE	<u>1,684,237</u>	<u>1,688,662</u>	<u>1,968,295</u>	<u>279,633</u>
ENDING FUND BALANCE	<u>\$ 1,203,261</u>	<u>\$ 1,204,253</u>	<u>\$ 1,944,941</u>	<u>\$ 740,688</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
STREET FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 540,361	560,361	\$ 557,395	\$ (2,966)
Other revenue	800	800	650	(150)
Total revenues	<u>541,161</u>	<u>561,161</u>	<u>558,045</u>	<u>(3,116)</u>
EXPENDITURES				
Public works				
Personal services	96,677	70,649	42,700	27,949
Materials and services	19,269	40,499	25,229	15,270
Capital outlay	747,500	767,500	187,999	579,501
Total expenditures	<u>863,446</u>	<u>878,648</u>	<u>255,928</u>	<u>622,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(322,285)</u>	<u>(317,487)</u>	<u>302,117</u>	<u>619,604</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	321,152	316,354	307,840	(8,514)
Operating transfers out	(3,867)	(3,867)	(3,867)	-
Total other financing sources (uses)	<u>317,285</u>	<u>312,487</u>	<u>303,973</u>	<u>(8,514)</u>
Net change in fund balance	<u>(5,000)</u>	<u>(5,000)</u>	<u>606,090</u>	<u>611,090</u>
BEGINNING FUND BALANCE	<u>5,000</u>	<u>5,000</u>	<u>3,824</u>	<u>(1,176)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,914</u>	<u>\$ 609,914</u>

CITY OF YACHATS, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
URBAN RENEWAL DISTRICT (COMPONENT UNIT)
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 186,676	\$ 188,676	\$ 193,276	\$ 4,600
Investment revenue	-	-	24	24
Total revenues	<u>186,676</u>	<u>188,676</u>	<u>193,300</u>	<u>4,624</u>
EXPENDITURES				
General government				
Personal services	9,000	9,000	9,000	-
Materials and services	1,925	1,925	1,411	514
Total expenditures	<u>10,925</u>	<u>10,925</u>	<u>10,411</u>	<u>514</u>
Excess (deficiency) of revenues over (under) expenditures	177,751	177,751	182,889	5,138
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(420,971)</u>	<u>(420,971)</u>	<u>(412,457)</u>	<u>8,514</u>
Net change in fund balance	(243,220)	(243,220)	(229,568)	13,652
BEGINNING FUND BALANCE	<u>291,854</u>	<u>291,854</u>	<u>307,625</u>	<u>15,771</u>
ENDING FUND BALANCE	<u>\$ 48,634</u>	<u>\$ 48,634</u>	<u>\$ 78,057</u>	<u>\$ 29,423</u>

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SUPPLEMENTARY INFORMATION

CITY OF YACHATS, OREGON
Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Combined Nonmajor Special Revenue Funds</u>	<u>Combined Nonmajor Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 381,419	\$ 4,280	\$ 385,699
Unsegregated tax collections	-	592	592
Property taxes receivable	-	6,020	6,020
	<hr/>	<hr/>	<hr/>
Total assets	\$ 381,419	\$ 10,892	\$ 392,311
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	\$ 3,529	\$ -	\$ 3,529
Deferred revenue	-	5,001	5,001
	<hr/>	<hr/>	<hr/>
Total liabilities	3,529	5,001	8,530
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Restricted for debt service	86,817	5,891	92,708
Assigned	291,073	-	291,073
	<hr/>	<hr/>	<hr/>
Total fund balances	377,890	5,891	383,781
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 381,419	\$ 10,892	\$ 392,311
	<hr/>	<hr/>	<hr/>

CITY OF YACHATS, OREGON
Combining Balance Sheet
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014

	<u>System Development Charges Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Library Fund</u>	<u>Log Church Museum Fund</u>
ASSETS				
Cash and investments	\$ <u>144,283</u>	\$ <u>86,817</u>	\$ <u>794</u>	\$ <u>5,741</u>
LIABILITIES				
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>501</u>	\$ <u>325</u>
FUND BALANCES				
Restricted for debt service	-	86,817	-	-
Assigned	<u>144,283</u>	<u>-</u>	<u>293</u>	<u>5,416</u>
Total fund balances	<u>144,283</u>	<u>86,817</u>	<u>293</u>	<u>5,416</u>
Total liabilities and fund balances	\$ <u>144,283</u>	\$ <u>86,817</u>	\$ <u>794</u>	\$ <u>5,741</u>

Parks & Commons Fund	Storm Drain System Fund	USFS Contract Fund	Total
\$ <u>6,556</u>	\$ <u>118,563</u>	\$ <u>18,665</u>	\$ <u>381,419</u>
\$ <u>1,503</u>	\$ <u>1,200</u>	\$ <u>-</u>	\$ <u>3,529</u>
-	-	-	86,817
<u>5,053</u>	<u>117,363</u>	<u>18,665</u>	<u>291,073</u>
<u>5,053</u>	<u>117,363</u>	<u>18,665</u>	<u>377,890</u>
\$ <u>6,556</u>	\$ <u>118,563</u>	\$ <u>18,665</u>	\$ <u>381,419</u>

CITY OF YACHATS, OREGON
Combining Balance Sheet
NONMAJOR DEBT SERVICE FUNDS
June 30, 2014

	<u>1992 Water Debt Service Fund</u>	<u>Total</u>
ASSETS		
Cash and investments	\$ 4,280	\$ 4,280
Unsegregated tax collections	592	592
Property taxes receivable	<u>6,020</u>	<u>6,020</u>
Total assets	<u><u>\$ 10,892</u></u>	<u><u>\$ 10,892</u></u>
LIABILITIES		
Deferred revenue	\$ 5,001	\$ 5,001
FUND BALANCES		
Restricted for debt service	<u>5,891</u>	<u>5,891</u>
Total liabilities and fund balances	<u><u>\$ 10,892</u></u>	<u><u>\$ 10,892</u></u>

CITY OF YACHATS, OREGON
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Combined Nonmajor Special Revenue Funds	Combined Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ -	\$ 48,498	\$ 48,498
Intergovernmental	73,938	-	73,938
Charges for services	83,181	-	83,181
Investment revenue	469	6	475
Sale of inventory	261	-	261
Other local revenue	3,614	-	3,614
	<hr/>	<hr/>	<hr/>
Total revenues	161,463	48,504	209,967
EXPENDITURES			
Current			
Public works	88,911	-	88,911
Culture and recreation	99,964	-	99,964
Debt service			
Principal	50,000	16,322	66,322
Interest and fees	3,000	29,137	32,137
Capital outlay	11,168	-	11,168
	<hr/>	<hr/>	<hr/>
Total expenditures	253,043	45,459	298,502
Excess (deficiency) of revenues over (under) expenditures	<hr/> (91,580)	<hr/> 3,045	<hr/> (88,535)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	244,832	-	244,832
Operating transfers (out)	(124,753)	-	(124,753)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	120,079	-	120,079
Net change in fund balances	28,499	3,045	31,544
BEGINNING FUND BALANCE	<hr/> 349,391	<hr/> 6,792	<hr/> 356,183
ENDING FUND BALANCE	<hr/> <u>\$ 377,890</u>	<hr/> <u>\$ 9,837</u>	<hr/> <u>\$ 387,727</u>

CITY OF YACHATS, OREGON
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2014

	System Development Charges Fund	Debt Service Reserve Fund	Library Fund	Log Church Museum Fund	Parks & Commons Fund
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Charges for services	37,994	-	-	1,665	43,522
Investment revenue	469	-	-	-	-
Sale of inventory	-	-	-	261	-
Other local revenue	-	-	2,048	1,566	-
Total revenues	<u>38,463</u>	<u>-</u>	<u>3,048</u>	<u>3,492</u>	<u>43,522</u>
EXPENDITURES					
Current					
Public works	-	-	-	-	-
Culture and recreation	-	-	8,369	6,890	84,705
Debt service					
Principal	-	50,000	-	-	-
Interest	-	3,000	-	-	-
Capital outlay	-	-	9,850	-	1,318
Total expenditures	<u>-</u>	<u>53,000</u>	<u>18,219</u>	<u>6,890</u>	<u>86,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,463</u>	<u>(53,000)</u>	<u>(15,171)</u>	<u>(3,398)</u>	<u>(42,501)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	18,836	13,823	60,173
Operating transfers (out)	(70,000)	-	(3,316)	(16,437)	(35,000)
Total other financing sources (uses)	<u>(70,000)</u>	<u>-</u>	<u>15,520</u>	<u>(2,614)</u>	<u>25,173</u>
Net change in fund balance	(31,537)	(53,000)	349	(6,012)	(17,328)
BEGINNING FUND BALANCE	<u>175,820</u>	<u>139,817</u>	<u>(56)</u>	<u>11,428</u>	<u>22,381</u>
ENDING FUND BALANCE	<u>\$ 144,283</u>	<u>\$ 86,817</u>	<u>\$ 293</u>	<u>\$ 5,416</u>	<u>\$ 5,053</u>

Storm Drain System Fund	USFS Contract Fund	Total
\$ -	\$ 72,938	\$ 73,938
-	-	83,181
-	-	469
-	-	261
-	-	3,614
<u>-</u>	<u>72,938</u>	<u>161,463</u>
34,638	54,273	88,911
-	-	99,964
-	-	50,000
-	-	3,000
-	-	11,168
<u>34,638</u>	<u>54,273</u>	<u>253,043</u>
<u>(34,638)</u>	<u>18,665</u>	<u>(91,580)</u>
152,000	-	244,832
-	-	(124,753)
<u>152,000</u>	<u>-</u>	<u>120,079</u>
117,362	18,665	28,499
1	-	349,391
<u>\$ 117,363</u>	<u>\$ 18,665</u>	<u>\$ 377,890</u>

CITY OF YACHATS, OREGON
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2014

	1992 Water Debt Service Fund	Total
	<u> </u>	<u> </u>
REVENUES		
Property taxes	\$ 48,498	\$ 48,498
Investment revenue	6	6
	<u> </u>	<u> </u>
Total revenues	<u>48,504</u>	<u>48,504</u>
EXPENDITURES		
Debt service		
Principal	16,322	16,322
Interest	29,137	29,137
	<u> </u>	<u> </u>
Total expenditures	<u>45,459</u>	<u>45,459</u>
Net change in fund balance	3,045	3,045
BEGINNING FUND BALANCE	<u>6,792</u>	<u>6,792</u>
ENDING FUND BALANCE	<u><u>\$ 9,837</u></u>	<u><u>\$ 9,837</u></u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SYSTEM DEVELOPMENT CHARGES FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 61,463	61,463	\$ 37,994	\$ (23,469)
Investment revenue	<u>1,300</u>	<u>1,300</u>	<u>469</u>	<u>(831)</u>
Total revenues	62,763	62,763	38,463	(24,300)
EXPENDITURES				
Capital outlay	-	-		
Reserved for future expenditures	<u>191,304</u>	<u>191,304</u>	<u>-</u>	<u>191,304</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Net change in fund balance	(7,237)	(7,237)	(31,537)	24,300
BEGINNING FUND BALANCE	<u>198,541</u>	<u>198,541</u>	<u>175,820</u>	<u>(22,721)</u>
ENDING FUND BALANCE	<u>\$ 191,304</u>	<u>\$ 191,304</u>	<u>\$ 144,283</u>	<u>\$ (47,021)</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
DEBT SERVICE RESERVE FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service	\$ <u>53,300</u>	<u>53,000</u>	\$ <u>53,000</u>	\$ <u>-</u>
Net change in fund balance	(53,300)	(53,000)	(53,000)	-
BEGINNING FUND BALANCE	<u>138,987</u>	<u>138,987</u>	<u>139,817</u>	<u>830</u>
ENDING FUND BALANCE	<u>\$ <u>85,687</u></u>	<u>\$ <u>85,987</u></u>	<u>\$ <u>86,817</u></u>	<u>\$ <u>830</u></u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LIBRARY FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,000	1,000	\$ 1,000	\$ -
Other local revenue	<u>1,500</u>	<u>1,500</u>	<u>2,048</u>	<u>548</u>
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>3,048</u>	<u>548</u>
EXPENDITURES				
Culture and recreation				
Materials and services	8,370	8,370	8,369	1
Capital outlay	<u>10,850</u>	<u>10,850</u>	<u>9,850</u>	<u>1,000</u>
Total expenditures	<u>19,220</u>	<u>22,536</u>	<u>18,219</u>	<u>4,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,720)</u>	<u>(20,036)</u>	<u>(15,171)</u>	<u>4,865</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	18,836	18,836	18,836	-
Operating transfers out	<u>(3,316)</u>	<u>(3,316)</u>	<u>(3,316)</u>	<u>-</u>
Total other financing sources (uses)	<u>15,520</u>	<u>15,520</u>	<u>15,520</u>	
Net change in fund balance	(1,200)	(1,200)	349	1,549
BEGINNING FUND BALANCE	<u>1,200</u>	<u>1,200</u>	<u>(56)</u>	<u>(1,256)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293</u>	<u>\$ 293</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LOG CHURCH MUSEUM FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,500	1,500	\$ 1,665	\$ 165
Sale of inventory	300	300	261	(39)
Other local revenue	1,100	1,100	1,567	467
Total revenues	<u>2,900</u>	<u>2,900</u>	<u>3,493</u>	<u>593</u>
EXPENDITURES				
Culture and recreation				
Materials and services	8,838	10,448	6,890	3,558
Capital outlay	1,300	1,300	-	1,300
Total expenditures	<u>10,138</u>	<u>11,748</u>	<u>6,890</u>	<u>4,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,238)</u>	<u>(8,848)</u>	<u>(3,397)</u>	<u>5,451</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	12,575	13,823	13,823	-
Operating transfers out	(16,437)	(16,437)	(16,437)	-
Total other financing sources (uses)	<u>(3,862)</u>	<u>(2,614)</u>	<u>(2,614)</u>	<u>-</u>
Net change in fund balance	(11,100)	(11,462)	(6,011)	5,451
BEGINNING FUND BALANCE	<u>11,100</u>	<u>11,462</u>	<u>11,428</u>	<u>(34)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,417</u>	<u>\$ 5,417</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PARKS AND COMMONS FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 43,800	43,800	\$ 43,522	\$ (278)
Total revenues	<u>43,800</u>	<u>43,800</u>	<u>43,522</u>	<u>(278)</u>
EXPENDITURES				
Culture and recreation				
Personal services	2,926	8,837	11,171	(2,334)
Materials and services	68,165	83,810	73,534	10,276
Capital outlay	<u>2,000</u>	<u>10,000</u>	<u>1,318</u>	<u>8,682</u>
Total expenditures	<u>73,091</u>	<u>102,647</u>	<u>86,023</u>	<u>16,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,291)</u>	<u>(58,847)</u>	<u>(42,501)</u>	<u>16,346</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	38,617	60,173	60,173	-
Operating transfers out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,617</u>	<u>25,173</u>	<u>25,173</u>	<u>-</u>
Net change in fund balance	(25,674)	(33,674)	(17,328)	16,346
BEGINNING FUND BALANCE	<u>25,674</u>	<u>33,674</u>	<u>22,381</u>	<u>(11,293)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,053</u>	<u>\$ 5,053</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
STORM DRAIN SYSTEM FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Public works				
Personal services	\$ 10,000	30,000	\$ 21,522	\$ 8,478
Materials and services	7,000	7,000	3,790	3,210
Capital Outlay	<u>115,000</u>	<u>115,000</u>	<u>9,326</u>	<u>105,674</u>
Total expenditures	<u>132,000</u>	<u>152,000</u>	<u>34,638</u>	<u>117,362</u>
Excess (deficiency) of revenues over (under) expenditures	(132,000)	(152,000)	(34,638)	117,362
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>132,000</u>	<u>152,000</u>	<u>152,000</u>	<u>-</u>
Net change in fund balance	-	-	117,362	117,362
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,363</u>	<u>\$ 117,363</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
US FOREST SERVICE CONTRACT
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
USFS	\$ 66,218	\$ 66,218	\$ 72,938	\$ 6,720
Total Revenue	<u>66,218</u>	<u>66,218</u>	<u>72,938</u>	<u>6,720</u>
EXPENDITURES				
Personnel Services	47,293	47,293	43,669	3,624
Materials and Services	<u>18,925</u>	<u>18,925</u>	<u>10,604</u>	<u>8,321</u>
Total Expenditures	<u>66,218</u>	<u>66,218</u>	<u>54,273</u>	<u>11,945</u>
Net change in fund balance	-	-	18,665	18,665
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 66,218</u>	<u>\$ 66,218</u>	<u>\$ 18,665</u>	<u>\$ 30,610</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1992 WATER DEBT SERVICE FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 44,923	44,923	\$ 48,498	\$ 3,575
Investment revenue	-	-	6	6
Total revenues	<u>44,923</u>	<u>44,923</u>	<u>48,504</u>	<u>3,581</u>
EXPENDITURES				
Debt service				
Principal	16,322	16,322	16,322	-
Interest	<u>29,137</u>	<u>29,137</u>	<u>29,137</u>	<u>-</u>
Total expenditures	<u>45,459</u>	<u>45,459</u>	<u>45,459</u>	<u>-</u>
Net change in fund balance	(536)	(536)	3,045	3,581
BEGINNING FUND BALANCE	<u>2,536</u>	<u>2,536</u>	<u>6,792</u>	<u>4,256</u>
ENDING FUND BALANCE	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 9,837</u>	<u>\$ 7,837</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
WATER FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 491,000	508,000	\$ 496,059	\$ (11,941)
Investment revenue	300	300	300	-
Total revenues	<u>491,300</u>	<u>508,300</u>	<u>496,359</u>	<u>(11,941)</u>
EXPENDITURES				
Public works				
Personal services	277,420	261,826	236,778	25,048
Materials and services	119,747	176,875	142,299	34,576
Debt service	39,980	39,980	39,980	-
Contingencies	57,796	33,262	-	33,262
Total expenditures	<u>494,943</u>	<u>511,943</u>	<u>419,057</u>	<u>92,886</u>
Excess (deficiency) of revenues over (under) expenditures	(3,643)	(3,643)	77,302	80,945
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(107,597)</u>	<u>(107,597)</u>	<u>(107,597)</u>	<u>-</u>
Net change in fund balance	(111,240)	(111,240)	(30,295)	80,945
BEGINNING FUND BALANCE	<u>111,240</u>	<u>111,240</u>	<u>100,470</u>	<u>(10,770)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,175</u>	<u>\$ 70,175</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Revenue and Expenditures to
Proprietary Revenues & Expenses
WATER FUND
For the Year Ended June 30, 2014

	<u>Revenue</u>	<u>Expenditures</u>
Water Operating Fund	\$ 496,359	\$ 419,057
Capital assets contributed	-	16,867
Accrued interest	-	(2,355)
Payment of bond principal	-	(16,322)
Depreciation expense	-	85,835
	<u> </u>	<u> </u>
Revenue and expenses	<u>\$ 496,359</u>	<u>\$ 503,082</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SEWER FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 481,423	\$ 470,600	\$ 463,776	\$ (6,824)
Investment revenue	600	600	600	-
Other local revenue	-	-	893	893
	<u>482,023</u>	<u>471,200</u>	<u>465,269</u>	<u>(5,931)</u>
Total revenues				
EXPENDITURES				
Public works				
Personal services	229,492	210,086	208,969	1,117
Materials and services	109,387	183,030	175,994	7,036
Contingencies	66,043	6,660	-	6,660
	<u>404,922</u>	<u>399,776</u>	<u>384,963</u>	<u>14,813</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	77,101	71,424	80,306	8,882
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(240,101)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	(163,000)	(3,576)	5,306	8,882
BEGINNING FUND BALANCE	<u>163,000</u>	<u>3,576</u>	<u>33,579</u>	<u>30,003</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,885</u>	<u>\$ 38,885</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Revenue and Expenditures to
Proprietary Revenues & Expenses
SEWER FUND
For the Year Ended June 30, 2014

	<u>Revenue</u>	<u>Expenditures</u>
Sewer Operating Fund	\$ 551,971	\$ 384,963
Capital outlay		27,145
Accrued interest	-	(271)
Payment of bond principal	-	(26,874)
Depreciation expense	-	9,736
	<u> </u>	<u> </u>
Revenue and expenses	<u>\$ 551,971</u>	<u>\$ 394,699</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SEWER DEBT SERVICE 2006-2008 PROJECT FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service				
Principal	\$ 298,593	298,593	\$ 298,593	\$ -
Interest	213,803	213,803	199,826	13,977
	<u>512,396</u>	<u>512,396</u>	<u>498,419</u>	<u>13,977</u>
Total Expenditures				
	<u>512,396</u>	<u>512,396</u>	<u>498,419</u>	<u>13,977</u>
Excess (deficiency) of revenues over (under) expenditures	(512,396)	(512,396)	(498,419)	13,977
OTHER FINANCING SOURCES (USES)				
Operating transfers in	452,000	452,000	452,000	-
Net change in fund balance	(60,396)	(60,396)	(46,419)	13,977
BEGINNING FUND BALANCE	<u>575,817</u>	<u>575,817</u>	<u>575,818</u>	<u>1</u>
ENDING FUND BALANCE	<u>\$ 515,421</u>	<u>\$ 515,421</u>	<u>\$ 529,399</u>	<u>\$ 13,978</u>

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Fund Balance
to Proprietary Net Position
SEWER DEBT SERVICE 2006-2008 PROJECT FUND
For the Year Ended June 30, 2014

Sewer Debt Service Project Fund - Fund Balance	\$ 529,399
Debt payable	(5,904,379)
Accrued interest payable	<u>(51,760)</u>
Total Net Position	<u>\$ (5,426,740)</u>

CITY OF YACHATS, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SEWER CONSTRUCTION FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Loan and grant proceeds	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Public works	-	-	-	-
Net change in fund balance	-	-	-	-
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Depreciation expense			(148,426)	
Beginning net position, July 1, 2013			<u>5,190,925</u>	
Ending net position, June 30, 2014			<u>\$ 5,042,499</u>	

CITY OF YACHATS, OREGON
Reconciliation of Budgetary Fund Balance to Generally Accepted
Accounting Principles Basis - Net Position
For the Year Ended June 30, 2014

	<u>Total Water Fund</u>	<u>Total Sewer Fund</u>	<u>Total Sewer Debt Service 2006-2008 Fund</u>	<u>Total Sewer Construction Fund</u>
Fund balance - budgetary basis	\$ 70,175	\$ 38,885	\$ 529,399	\$ -
Adjustments from budgetary basis to generally accepted accounting principles:				
Inventory	10,759	18,160	-	-
Capital assets, net	2,803,061	1,410,625	-	5,042,499
Accrued interest payable	(12,565)	-	(50,760)	-
Long-term debt payable	(532,262)	-	(5,904,379)	-
Capital asset contributed/adjustment	<u>42,402</u>	<u>22,119</u>	<u>-</u>	<u>-</u>
Total Net Position (Deficit)	<u>\$ 2,381,570</u>	<u>\$ 1,489,789</u>	<u>\$ (5,425,740)</u>	<u>\$ 5,042,499</u>

OTHER SCHEDULES

CITY OF YACHATS, OREGON
SCHEDULE OF CAPITAL ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>	<u>Books and Periodicals</u>	<u>Total</u>
BALANCE - JULY 1, 2013	\$ <u>1,183,292</u>	\$ <u>1,257,230</u>	\$ <u>567,849</u>	\$ <u>234,268</u>	\$ <u>3,242,639</u>
Additions financed by					
Capital Expenditure Reserve Fund	51,406	46,019	34,561	-	131,986
Parks & Commons Fund	-	-	-	-	-
Library Fund	-	-	-	-	-
Urban Renewal District	-	-	-	-	-
Total additions	<u>51,406</u>	<u>46,019</u>	<u>34,561</u>	<u>-</u>	<u>131,986</u>
Deletions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE - June 30, 2014	\$ <u><u>1,234,698</u></u>	\$ <u><u>1,303,249</u></u>	\$ <u><u>602,410</u></u>	\$ <u><u>234,268</u></u>	\$ <u><u>3,374,625</u></u>

CITY OF YACHATS, OREGON
Schedules of Property Tax Transactions
For the Year Ended June 30, 2014

Tax Roll Year	Taxes Receivable Balance July 1, 2013	2013-2014 Tax Levy	Collections	Adjustments	Taxes Receivable Balance June 30, 2014
2013-2014	\$ -	\$ 110,821	103,241	\$ (2,907)	\$ 4,673
2012-2013	5,130	-	2,463	(14)	2,653
2011-2012	3,126	-	1,193	(8)	1,925
2010-2009	1,978	-	1,198	(7)	774
2009-2008	964	-	539	(8)	417
2008-2007	136	-	27	(10)	98
2007-2006	59	-	14	(5)	40
Prior	1,651	-	186	(3)	1,462
	<u>\$ 13,043</u>	<u>\$ 110,821</u>	108,860	<u>\$ (2,963)</u>	<u>\$ 12,041</u>
Interest			1,409		
Collections by County Treasurer			<u>\$ 110,268</u>		
Reconciliation to Revenue:					
General Fund			\$ 38,560		
1992 Water Debt Service Fund			41,371		
Sewer Debt Service Fund			<u>1,717</u>		
Total Tax Revenue			<u>\$ 81,648</u>		

Urban Renewal District - A Component Unit of the City of Yachats, Oregon

Tax Roll Year	Taxes Receivable Balance July 1, 2013	2013-2014 Tax Levy	Collections	Adjustments	Taxes Receivable Balance June 30, 2014
2013-2014	\$ -	\$ 190,124	\$ 177,119	\$ (4,988)	\$ 8,017
2012-2013	9,416	-	4,520	(25)	4,871
2011-2012	5,273	-	2,012	(14)	3,247
2010-2009	3,330	-	2,016	(11)	1,303
2009-2008	1,058	-	592	(9)	458
2008-2007	101	-	20	(8)	73
2007-2006	-	-	-	-	-
Prior	-	-	-	-	-
	<u>\$ 19,178</u>	<u>\$ 190,124</u>	186,280	<u>\$ (5,055)</u>	<u>\$ 17,968</u>
Interest			1,713		
Collections by County Treasurer			<u>\$ 187,993</u>		

CITY OF YACHATS, OREGON
Schedule of Bond, Loan and Contract Principal and Interest Transactions
For the Year Ended June 30, 2014

General Obligation Bonds -- Principal	Bonds Outstanding	Bonds Issued	Bonds Redeemed	Bonds Outstanding
Date of Issue	July 1, 2013	2013-2014	2013-2014	June 30, 2014
Jan. 1, 1974 Sewer Bonds	\$ -	\$ -	\$ -	\$ -
Sept. 24, 1974 Sewer Bonds	-	-	-	-
Dec. 10, 1994 Water Bonds	582,749	-	16,322	566,427
	<u>\$ 582,749</u>	<u>\$ -</u>	<u>\$ 16,322</u>	<u>\$ 566,427</u>
Revenue Bonds -- Principal	Bonds Outstanding	Bonds Issued	Bonds Redeemed	Bonds Outstanding
Date of Issue	July 1, 2013	2013-2014	2013-2014	June 30, 2014
Dec. 10, 1993 Water Bonds	\$ 60,959	\$ -	\$ 1,704	\$ 59,255
Dec. 10, 1993 Water Bonds	160,711	-	4,494	160,711
Jan. 26, 1998 Water Bonds	323,697	-	6,907	323,697
Dec. 1, 1995 Sewer Bonds	50,000	-	50,000	-
	<u>\$ 595,367</u>	<u>\$ -</u>	<u>\$ 63,105</u>	<u>\$ 543,663</u>
Loans -- Principal	Debt Outstanding	Debt Issued	Debt Redeemed	Debt Outstanding
Date of Issue	July 1, 2013	2013-2014	2013-2014	June 30, 2014
June 17, 2005 DEQ Loan	\$ 5,732,572	\$ -	\$ 294,534	\$ 5,438,038
May 27, 2009 OECCD Loan	470,399	-	12,502	457,897
	<u>\$ 6,202,971</u>	<u>\$ -</u>	<u>\$ 307,036</u>	<u>\$ 5,895,935</u>
General Obligation Bonds -- Interest	Matured Interest Outstanding	Matured	Redeemed	Matured Interest Outstanding
Date of Issue	July 1, 2013	2013-2014	2013-2014	June 30, 2014
Jan. 1, 1974 Sewer Bonds	\$ -	\$ -	\$ -	\$ -
Sept. 24, 1974 Sewer Bonds	-	-	-	-
Dec. 10, 1994 Water Bonds	-	29,137	29,137	-
	<u>\$ -</u>	<u>\$ 29,137</u>	<u>\$ 29,137</u>	<u>\$ -</u>
Revenue Bonds -- Interest	Matured Interest Outstanding	Matured	Redeemed	Matured Interest Outstanding
Date of Issue	July 1, 2013	2013-2014	2013-2014	June 30, 2014
Dec. 10, 1993 Water Bonds	\$ -	\$ 3,051	\$ 3,051	\$ -
Dec. 10, 1993 Water Bonds	-	8,043	8,043	-
Jan. 26, 1998 Water Bonds	-	15,780	15,780	-
Dec. 1, 1995 Sewer Bonds	-	3,300	3,300	-
	<u>\$ -</u>	<u>\$ 30,174</u>	<u>\$ 30,174</u>	<u>\$ -</u>
Loans -- Interest	Matured Interest Outstanding	Matured	Redeemed	Matured Interest Outstanding
Date of Issue	July 1, 2013	2013-2014	2013-2014	June 30, 2014
June 17, 2005 DEQ Loan	\$ -	\$ 155,826	\$ 155,826	\$ -
May 27, 2009 OECCD Loan	-	21,231	21,231	-
	<u>\$ -</u>	<u>\$ 177,057</u>	<u>\$ 177,057</u>	<u>\$ -</u>

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REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

INDEPENDENT AUDITOR'S 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

To the Governing Body of the
City of Yachats, Lincoln County, Oregon:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and the aggregate remaining fund information of the City of Yachats, Lincoln County, Oregon (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Yachats, Lincoln County, Oregon basic financial statements, and have issued our report thereon dated December 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Yachats, Lincoln County, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Yachats, Lincoln County, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Yachats, Lincoln County, Oregon's 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 entity's 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 City of Yachats, Lincoln County, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "J. Robert Wall CPA". The signature is written in a cursive style.

J. Robert Wall, Certified Public Accountant
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon
December 9, 2014

**Other Supplementary Financial Information and Comments
and Disclosures Required by
State Regulations**

To the Governing Body of the City of Yachats
Lincoln County, Oregon

We have audited the basic financial statements of the City of Yachats as of and for the year ended June 30, 2014, and have issued our report thereon dated December 9, 2014. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Yachats' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions.**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required.**
- **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.**
- **Public contracts and purchasing.**

In connection with our testing nothing came to our attention that caused us to believe the City 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 162-010-000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Budget

We reviewed the preparation, adoption, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. There were no exceptions noted except that transfers in were \$9,000 more than transfers out due to Urban Renewal District Personal Services category difference for the year ended June 30, 2014, (NOTE 6).

Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of the City internal control over financial reporting.

This report is intended solely for the information of management; the City of Yachats City Council; others within the City; the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

J. Robert Wall, CPA

J. Robert Wall, Certified Public Accountant
Wall & Wall P.C., Certified Public Accountants

Coos Bay, Oregon
December 9, 2014