



CITY OF BANDON

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CITY OF BANDON
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION

CITY OF BANDON

CITY OFFICIALS

June 30, 2012

Mayor and City Council

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Juana Bell, Finance Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Bandon, Oregon
Bandon, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bandon, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bandon, Oregon's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City of Bandon, Oregon, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012, on our consideration of the City of Bandon, Oregon's internal control over financial reporting and on our tests of its 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be

presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis 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 required supplementary information, as listed in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bandon, Oregon's financial statements as a whole. The introductory section and other supplementary information section are presented for purposes of additional analysis and are not a required part of the financial statements. Other supplementary information provided is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Merina & Company, LLP
West Linn, Oregon
November 5, 2012

Management's Discussion and Analysis

The management of the City of Bandon, Oregon (City) presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. This Management's Discussion and Analysis is intended to be an easily readable analysis of the City's financial activities based on currently known facts, decisions, and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow. The report consists of government-wide statements, fund financial statements, notes to the basic financial statements, and supplementary information.

Financial Highlights

Total assets of the City of Bandon exceeded its liabilities by \$43.4 million (reported as *net assets*). Of this amount, \$5.9 million was reported as "unrestricted net assets." Unrestricted net assets represent the amount available to be used to meet the City's ongoing obligations to citizens and creditors. The City's governmental funds reported combined ending fund balances of \$4.2 million. The balance was comprised of a restricted balance of \$2.3 million, \$1.5 million committed or assigned, and the remaining balance of \$377 thousand was unassigned. During the current fiscal year, the City's net capital assets decreased by \$871 thousand and total debt decreased by \$329 thousand.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The focus is on both the City as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities with the difference between the two reported as net assets (or deficit net assets if liabilities exceed assets). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected property taxes and earned but unused vacation time). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type activities). This statement is intended to summarize and simplify the reader's analysis of the revenues and costs of various City activities and the degree to which activities are subsidized by general revenues.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include administrative and financial accounting services, library, recreation and cultural services, planning and development, police, and public works (streets and storm drain projects). The business-type activities of the City include water, electric and wastewater utilities.

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

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

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

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

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the major funds and an aggregate total for all other non-major governmental funds. The City's major governmental funds are the General Fund, the Urban Renewal District No. 1 and 2 Funds, the 2004 Highway 101 Sewer LID Fund, 12th Court LID Debt Service Fund, and the Local Improvement District Fund. Summary fund data by fund-type for the non-major governmental funds is provided in the form of combining statements. Individual fund data for each of these non-major governmental funds is provided as other supplementary information.

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

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

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

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

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

Other supplementary information. The combining statements and schedules for the Non-major Funds, Debt Service Funds, Capital Projects Funds, and the Enterprise funds follow the required supplementary information in this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Bandon, total net assets (total assets less total liabilities) were \$43.4 million as of June 30, 2012. A portion of the City's net assets (\$33.4 million or 77%) reflects its investment in capital assets (e.g., land and right-of-ways, buildings, improvements, equipment and infrastructure, net of accumulated depreciation less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining net assets, 2% is restricted for debt service, 6% is restricted for capital projects, 1% is restricted for street, library, and community projects, and the rest (14%) is unrestricted.

The *Statement of Net Assets* provides a focus on the assets and liabilities related to the City's governmental activities.

City of Bandon Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 5,669,583	\$ 5,655,901	\$ 5,115,360	\$ 5,341,316	\$ 10,784,943	\$ 10,997,217
Capital assets	21,986,789	22,972,836	17,724,695	17,609,431	39,711,484	40,582,267
Total assets	27,656,372	28,628,737	22,840,055	22,950,747	50,496,427	51,579,484
Long-term liabilities outstanding	5,387,734	5,344,595	480,254	874,726	5,867,988	6,219,321
Other liabilities	657,750	805,475	586,772	556,254	1,244,522	1,361,729
Total liabilities	6,045,484	6,150,070	1,067,026	1,430,980	7,112,510	7,581,050
Net assets:						
Invested in capital assets, net of related debt	16,342,195	17,386,681	17,053,115	16,550,850	33,395,310	33,937,531
Restricted	2,581,808	2,812,158	1,531,449	2,331,574	4,113,257	5,143,732
Unrestricted	2,686,885	2,279,828	3,188,465	2,637,343	5,875,350	4,917,171
Total net assets	\$ 21,610,888	\$ 22,478,667	\$ 21,773,029	\$ 21,519,767	\$ 43,383,917	\$ 43,998,434

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

City of Bandon, Oregon

City of Bandon's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services and contracts	\$ 217,719	\$ 188,177	\$ 6,605,446	\$ 6,527,828	\$ 6,823,165	\$ 6,716,005
Operating grants and contributions	491,742	422,534	-	-	491,742	422,534
Capital grants and contributions	-	-	204,518	-	204,518	-
General revenues:						
Taxes	2,236,047	2,288,061	-	-	2,236,047	2,288,061
Contributions in lieu of taxes	391,960	407,943	-	-	391,960	407,943
Franchise fees	29,108	34,057	-	-	29,108	34,057
Miscellaneous revenue	5,777	5,209	-	-	5,777	5,209
Unrestricted investment earnings	53,093	59,337	50,093	45,376	103,186	104,713
Total revenues	3,425,446	3,405,318	6,860,057	6,573,204	10,285,503	9,978,522
Expenses:						
General government	623,631	547,541	-	-	623,631	547,541
Public safety	954,804	897,897	-	-	954,804	897,897
Highways and streets	2,208,169	2,404,994	-	-	2,208,169	2,404,994
Culture and recreation	501,671	668,179	-	-	501,671	668,179
Economic development	29,950	140,099	-	-	29,950	140,099
Water utility	-	-	926,015	836,460	926,015	836,460
Sewer utility	-	-	869,344	820,679	869,344	820,679
Electric utility	-	-	4,786,436	4,479,646	4,786,436	4,479,646
Total expenses	4,318,225	4,658,710	6,581,795	6,136,785	10,900,020	10,795,495
Net change in fund balance	(892,779)	(1,253,392)	278,262	436,419	(614,517)	(816,973)
Transfers	25,000	(3,669,826)	(25,000)	3,669,826	-	-
Donations	-	-	-	-	-	-
Net assets, July, 1	22,478,667	27,401,885	21,519,767	17,413,522	43,998,434	44,815,407
Net assets, June 30	<u>\$ 21,610,888</u>	<u>\$ 22,478,667</u>	<u>\$ 21,773,029</u>	<u>\$ 21,519,767</u>	<u>\$ 43,383,917</u>	<u>\$ 43,998,434</u>

As previously mentioned, the City's activities are divided between governmental and business-type activities. The majority of support for governmental activities comes from taxes, while the business-type activities are supported primarily through user charges.

Governmental activities. Governmental activities resulted in a net reduction in the City's net assets of \$868 thousand. The main reason for this decrease is due to less property tax receipts during the year. The basic financial statements include a reconciliation of the governmental funds balance sheet to the Statement of Net Assets.

City of Bandon, Oregon

Business-type activities. Business-type activities increased the City's net assets by \$253 thousand due to a rate increase that resulted in increased revenues.

Financial Analysis of the City's Funds

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

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

The General Fund is the chief operating fund of the City. At June 30, 2012, total fund balance for the General Fund equaled \$436 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2011, the fund balance of the City's General Fund was \$378 thousand. The reason for the increase is due primarily to a slight increase in taxes to the General Fund.

City of Bandon's General Fund

	<u>Fiscal Year</u>		<u>(Decrease)</u>
	<u>2012</u>	<u>2011</u>	
Revenues:			
Taxes	\$ 1,250,365	\$ 1,190,195	\$ 60,170
Licenses and permits	27,857	31,241	(3,384)
Intergovernmental	91,766	178,810	(87,044)
Fines and Police Income	24,543	25,938	(1,395)
Reimbursements	403,673	342,949	60,724
Investment revenue	9,868	9,662	206
Other	64,607	57,796	6,811
Total revenues	<u>\$ 1,872,679</u>	<u>\$ 1,836,591</u>	<u>\$ 36,088</u>
Expenditures:			
General government	\$ 549,308	\$ 626,808	\$ (77,500)
Public safety	914,607	882,876	31,731
Highways and streets	63,422	78,974	(15,552)
Economic Development	78,814	-	78,814
Culture and recreation	233,201	315,837	(82,636)
Total expenditures	<u>1,839,352</u>	<u>1,904,495</u>	<u>(65,143)</u>
Other financing sources (uses)	<u>25,000</u>	<u>45,651</u>	<u>20,651</u>
Net increase (decrease) in fund balance	<u>58,327</u>	<u>(22,253)</u>	<u>80,580</u>

The Urban Renewal District No. 1 & 2 Funds, 2004 Highway 101 Sewer Fund, 12th Court LID Debt Service Fund, and Local Improvement District Fund are the other major governmental funds. During the fiscal year 2012, the Urban Renewal District No. 1 Fund had a decrease in its fund balance of \$316 thousand. The deficit fund balance of the Urban Renewal District No. 2 Fund was increased by \$9,646. The 12th Court LID Debt Service Fund is a new fund with a zero beginning and ending balance. The 2004 Highway 101 Sewer Fund balance decreased by \$11 thousand after having adequate resources to meet the year's debt service

City of Bandon, Oregon

requirements. The Local Improvement District Fund balance decreased by \$58 thousand during the year due to 12th Court LID expenditures.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Sewer Fund, Water Fund, and Electric Fund are the major proprietary funds. For fiscal year end 2012, the Sewer Fund reported operating loss of \$42 thousand and the electric fund reported \$411 thousand in operating income. The Water Fund reported an operating loss of \$115 thousand, reflecting the fact that operating revenues were not sufficient to cover operating expenses in this fund for fiscal year ended June 30, 2012.

General Fund Budget. No changes were made to the budget during the year. Actual revenues and expenditures for the year were less than budgeted. Actual Revenues were \$1.9 million compared to the budgeted amount of \$2.1 million. The General Fund expenditures were budgeted at \$2.4 million and actual expenditures were only \$1.8 million, primarily because departments reduced expenditures so as not to exceed the General Fund revenues.

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$39.7 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and infrastructure (streets, water, wastewater, storm drainage, and electric system). Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements.

City of Bandon's Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 771,532	\$ 271,061	\$ 696,991	\$ 696,991	\$ 1,468,523	\$ 968,052
Construction in progress	31,109	-	114,787	14,061	145,896	14,061
Buildings	6,218,305	6,148,957	4,754,760	4,754,760	10,973,065	10,903,717
Land Improvements	63,536	63,536	-	-	63,536	63,536
Furnish & Equipment	1,164,586	1,104,573	1,833,424	1,833,424	2,998,010	2,937,997
Streets	61,758,991	61,135,549	-	-	61,758,991	61,135,549
Storm drains	2,564,072	2,564,072	-	-	2,564,072	2,564,072
Infrastructure	-	-	25,986,413	25,156,829	25,986,413	25,156,829
Other						
Total	\$ 72,572,131	\$ 71,287,748	\$ 33,386,375	\$ 32,456,065	\$ 105,958,506	\$ 103,743,813

Bonded Debt. As of June 30, 2012, the City had total long-term liabilities of \$6.3 million. Of this amount, \$4.5 million represents outstanding bonded indebtedness. Outstanding bonded debt includes \$3.5 million in general obligation bonds to be serviced by general property taxes, \$858 thousand in local improvement district bonds (special assessment debt), for which the City is liable in the event of default by the property owners subject to the assessment, and \$145 thousand in electric revenue bonds.

The City's total bonded debt decreased by \$329 thousand during the current fiscal year, due to scheduled payments and a grant forgiveness of \$204,518. Under Oregon Revised Statutes, general obligation debt issues are limited to 3% of the real market value of all taxable property within the City's boundaries. The \$4.5 million in general obligation debt is well below this limit. Additional information on the City's bonded debt can be found in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The total budget for fiscal year 2012-2013 is \$22,126,762, which represents an increase of \$1,450,656 (7%) above the fiscal year 2011-2012 budget of \$20,676,106. This increase is primarily attributable to \$200 thousand in additional expenditures resulting from the Bonneville Power Administration (BPA) wholesale electric rate increase which took effect in October, 2011, the inclusion of \$280 thousand in potential Electric Utility bond and grant revenue for the Two Mile Substation Upper Circuit Reconstruction, and the inclusion of \$1.25 million in additional potential grant funding in the Parks and Rec Fund for various park improvement projects.

Unlike most other Cities whose budgets are based heavily on property taxes, Bandon's revenues are primarily generated by its electric, water, and sewer utilities. At only \$.46 per \$1,000 assessed valuation, the City of Bandon's permanent property tax rate is extremely low compared to other full-service cities in the County, whose rates range from \$6.10 to \$7.99. The most significant single long-term fiscal challenge facing the City is to ensure the continued financial viability of the municipal water, sewer, and electric utility systems, and, thereby provide a financial basis for all other public services. These utilities contribute to the City's operation through sales taxes, in-lieu taxes, and direct payments. The total proposed General Fund (100) budget is \$2,312,410, which is \$69,738 (2.9%) less than last year.

The largest individual sources of General Fund revenues continue to be the transient occupancy tax, utility sales taxes, utility in-lieu taxes, and utility reimbursements. Other resources include property taxes, franchise fees, intergovernmental reimbursements such as liquor, cigarette, and 911 taxes, and miscellaneous permits and fees. The budget also includes an allowance for receiving \$200 thousand for miscellaneous grants, which is offset by an identical expenditure line item for spending that money if it is received.

The main concern with the water, sewer, and electric utility systems revolves around the City Charter amendments which limit the ability of the City Council to increase utility rates. The problem is compounded in the near term by the overall downturn in the national economy, fuel price increases, and the housing market slowdown. In a local economy such as Bandon's, which is heavily dependent on utility revenue growth, tourism, and retirement in-migration, the revenue impacts can be significant for both local businesses and municipal government. In recent years, system development charges (SDC's), which depend on continued growth, have provided a significant portion of the City's capital improvement revenues for streets, drainage, and other City needs. The proposed fiscal year 2012-2013 budget projects modest revenues for the electric, water, and sewer utilities with a modest drop in SDC revenues.

Another financial challenge facing the City is securing adequate funds for maintaining the streets and drainage systems and providing adequate pedestrian facilities. The Local Option Street Fund continues to receive funds for this purpose. It is a consistent, dependable source for street and pedestrian facility capital improvements but cannot be used for normal operations and maintenance. This is a voter approved Local Option Tax in the amount of \$0.8455 per \$1,000 assessed valuation for 10 years. The Urban Renewal Special Levy will not be imposed while there is a Local Option Street Tax.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Juana Bell, MBA
Finance Director
City of Bandon
PO Box 67
Bandon, OR 97411



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BASIC FINANCIAL STATEMENTS

CITY OF BANDON
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,179,252	\$ 3,007,748	\$ 7,187,000
Receivables:			
Accounts	117,516	519,304	636,820
Property taxes	146,190	-	146,190
Notes	165,302	439,610	604,912
Special assessments	823,348	139,163	962,511
Other	251,389	-	251,389
Internal balances	(13,414)	13,414	-
Inventories	-	703,023	703,023
Restricted cash	-	287,819	287,819
Unamortized debt issuance costs	-	5,279	5,279
Capital assets:			
Land	771,532	696,991	1,468,523
Construction in process	31,109	114,787	145,896
Capital assets	71,769,490	32,574,597	104,344,087
Less: accumulated depreciation	(50,585,342)	(15,661,680)	(66,247,022)
Total assets	27,656,372	22,840,055	50,496,427
LIABILITIES			
Accounts payable	101,202	150,344	251,546
Accrued payroll and benefits	22,167	15,403	37,570
Customer deposits	2,200	96,493	98,693
Accrued interest payable	124,071	13,494	137,565
Compensated absences payable	151,250	119,712	270,962
Non-current liabilities:			
Amount due within one year	256,860	191,326	448,186
Amount due after one year	5,387,734	480,254	5,867,988
Total liabilities	6,045,484	1,067,026	7,112,510
NET ASSETS			
Invested in capital assets, net of related debt	16,342,195	17,053,115	33,395,310
Restricted for:			
Debt service	542,930	191,326	734,256
Capital projects	1,716,073	1,340,123	3,056,196
Streets	17,893	-	17,893
Library	304,912	-	304,912
Unrestricted	2,686,885	3,188,465	5,875,350
Total net assets	\$ 21,610,888	\$ 21,773,029	\$ 43,383,917

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



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**CITY OF BANDON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services & Contracts	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	\$ 623,631	\$ 115,542	\$ 202,448	\$ (305,641)	\$ -	\$ (305,641)
Public safety	954,804	49,494	-	(905,310)	-	(905,310)
Highways and streets	2,208,169	-	-	(2,208,169)	-	(2,208,169)
Economic development	29,950	-	-	(29,950)	-	(29,950)
Culture and recreation	501,671	52,683	289,294	(159,694)	-	(159,694)
Total governmental activities	4,318,225	217,719	491,742	(3,608,764)	-	(3,608,764)
Business-type activities:						
Sewer	869,344	822,504	-	-	(46,840)	(46,840)
Water	926,015	569,754	204,518	-	(151,743)	(151,743)
Electric	4,786,436	5,213,188	-	-	426,752	426,752
Total business-type activities	6,581,795	6,605,446	204,518	-	228,169	228,169
Total government	\$ 10,900,020	\$ 6,823,165	\$ 696,260	(3,608,764)	228,169	(3,380,595)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				58,497	-	58,497
Property taxes, levied for debt service				554,377	-	554,377
Property taxes, levied for other purposes				458,145	-	458,145
Other taxes and assessments				1,165,028	-	1,165,028
Contributions in lieu of taxes				391,960	-	391,960
Franchise fees				29,108	-	29,108
Interest and investment earnings				53,093	50,093	103,186
Miscellaneous				5,776	-	5,776
Total general revenues				2,715,985	50,093	2,766,078
Other revenues (expenditures):						
Transfers				25,000	(25,000)	-
Total other revenues				25,000	(25,000)	-
Changes in net assets				(867,779)	253,262	(614,517)
Net assets, beginning of year				22,478,667	21,519,767	43,998,434
Net assets, end of year				\$ 21,610,888	\$ 21,773,029	\$ 43,383,917

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

**CITY OF BANDON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	Major Funds		
	General	Urban Renewal District No. 1	Urban Renewal District No. 2
ASSETS			
Cash and cash equivalents	\$ 452,201	\$ 361,049	\$ 225,690
Receivables			
Property taxes	17,374	37,289	18,666
Accounts	87,857	-	-
Special assessments	1,488	-	-
Loans	-	-	-
Interfund loans receivable	-	-	-
Real property in lieu of assessment	4,460	-	-
Total assets	<u>563,380</u>	<u>398,338</u>	<u>244,356</u>
LIABILITIES			
Accounts payable	83,972	5,619	-
Accrued payroll benefits	17,658	-	-
Customer deposits	2,200	-	-
Interfund loans payable	-	-	284,854
Deferred revenue	23,322	37,289	18,666
Total liabilities	<u>127,152</u>	<u>42,908</u>	<u>303,520</u>
FUND BALANCES (DEFICITS)			
Restricted for debt service	-	-	-
Restricted for capital projects	-	-	-
Restricted special projects - streets	-	-	-
Restricted special projects - library	-	-	-
Committed for debt service	-	-	-
Committed for capital projects	-	355,430	-
Committed for special projects	-	-	-
Unassigned	436,228	-	(59,164)
Total fund balances (deficits)	<u>436,228</u>	<u>355,430</u>	<u>(59,164)</u>
Total liabilities and fund balances	<u>\$ 563,380</u>	<u>\$ 398,338</u>	<u>\$ 244,356</u>

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

2004 Hwy 101 Sewer LID DS	12th Court LID Debt Service	Local Improvement District	Other Governmental Funds	Total
\$ 37,372	\$ -	\$ 1,287	\$ 3,101,653	\$ 4,179,252
-	-	-	72,861	146,190
-	-	-	29,659	117,516
447,534	300,000	-	74,326	823,348
-	-	-	165,302	165,302
-	-	-	271,440	271,440
-	-	246,929	-	251,389
<u>484,906</u>	<u>300,000</u>	<u>248,216</u>	<u>3,715,241</u>	<u>5,954,437</u>
-	-	178	11,433	101,202
-	-	-	4,509	22,167
-	-	-	-	2,200
-	-	-	-	284,854
447,534	300,000	246,929	312,489	1,386,229
<u>447,534</u>	<u>300,000</u>	<u>247,107</u>	<u>328,431</u>	<u>1,796,652</u>
37,372	-	-	505,558	542,930
-	-	-	1,402,784	1,402,784
-	-	-	17,893	17,893
-	-	-	304,912	304,912
-	-	1,109	-	1,109
-	-	-	842,374	1,197,804
-	-	-	313,289	313,289
-	-	-	-	377,064
<u>37,372</u>	<u>-</u>	<u>1,109</u>	<u>3,386,810</u>	<u>4,157,785</u>
<u>\$ 484,906</u>	<u>\$ 300,000</u>	<u>\$ 248,216</u>	<u>\$ 3,715,241</u>	<u>\$ 5,954,437</u>

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

CITY OF BANDON
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total fund balances - governmental funds \$ 4,157,785

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets are not current financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value:

Land	771,532	
Construction in process	31,109	
Depreciable assets	71,769,490	
Accumulated depreciation	<u>(50,585,342)</u>	
		21,986,789

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

Property taxes	146,190	
Real property in lieu of assessments	251,389	
Loans receivable	165,302	
Special assessments	<u>823,348</u>	
		1,386,229

All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in the governmental funds:

Bonds payable	(3,909,316)	
Loans payable	(931,245)	
Special assessment debt payable	(804,033)	
Accrued interest payable on bonds and notes	(124,071)	
Compensated absences	<u>(151,250)</u>	
		<u>(5,919,915)</u>

Total net assets - governmental activities \$ 21,610,888



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CITY OF BANDON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	Major Funds		
	General	Urban Renewal District No. 1	Urban Renewal District No. 2
Revenues:			
Taxes	\$ 870,410	\$ 304,688	\$ 157,464
Licenses and permits	27,857	-	-
Intergovernmental	91,766	-	-
System development charges	-	-	-
Payments in lieu of taxes	379,955	1,989	3,162
Fines and police income	24,543	-	-
Special assessments	-	-	-
Grants	-	-	50,000
Interest	9,868	1,693	751
Reimbursements	403,673	-	-
Other	64,607	-	-
Total revenues	1,872,679	308,370	211,377
Expenditures:			
Current:			
General government	469,922	21,841	8,602
Public safety	909,612	-	-
Highways and streets	63,422	-	-
Economic development	78,814	-	-
Culture and recreation	233,201	-	-
Capital outlay	84,381	549,574	171,778
Debt service:			
Principal retirement	-	23,705	15,000
Interest	-	29,638	25,643
Total expenditures	1,839,352	624,758	221,023
Excess (deficiency) of revenues over (under) expenditures	33,327	(316,388)	(9,646)
Other financing sources (uses):			
Transfer in (out)	25,000	-	-
Loan repayments	-	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	25,000	-	-
Net change in fund balance	58,327	(316,388)	(9,646)
Fund balances at beginning of year	377,901	671,818	(49,518)
Fund balances at end of year	<u>\$ 436,228</u>	<u>\$ 355,430</u>	<u>\$ (59,164)</u>

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

2004 Hwy 101 Sewer LID DS	12th Court LID DS	Local Improvement District	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 816,986	\$ 2,149,548
-	-	-	-	27,857
-	-	-	320,506	412,272
-	-	-	19,288	19,288
-	-	-	6,854	391,960
-	-	-	-	24,543
8,297	-	-	60,363	68,660
15,891	-	-	104,000	169,891
-	-	-	20,145	32,457
-	-	-	-	403,673
-	-	13,308	92,640	170,555
<u>24,188</u>	<u>-</u>	<u>13,308</u>	<u>1,440,782</u>	<u>3,870,704</u>
-	-	60,550	74,563	635,478
-	-	-	35,069	944,681
-	-	-	179,827	243,249
-	-	-	29,950	108,764
-	-	-	368,380	601,581
-	-	307,762	166,547	1,280,042
10,719	-	-	192,215	241,639
24,712	-	3,077	180,981	264,051
<u>35,431</u>	<u>-</u>	<u>371,389</u>	<u>1,227,532</u>	<u>4,319,485</u>
<u>(11,243)</u>	<u>-</u>	<u>(358,081)</u>	<u>213,250</u>	<u>(448,781)</u>
-	-	-	-	25,000
-	-	-	22,372	22,372
-	-	300,000	-	300,000
-	-	300,000	22,372	347,372
(11,243)	-	(58,081)	235,622	(101,409)
48,615	-	59,190	3,151,188	4,259,194
<u>\$ 37,372</u>	<u>\$ -</u>	<u>\$ 1,109</u>	<u>\$ 3,386,810</u>	<u>\$ 4,157,785</u>

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

CITY OF BANDON
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Total net change in fund balances - governmental funds \$ (101,409)

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

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

Property taxes	(9,367)	
Loans receivable	165,302	
Special assessments	<u>114,850</u>	
		270,785

Loan proceeds and receipt of long-term receivable payments provide current financial resources to governmental funds; however, these transactions create liabilities or offset receivable balances in the Statement of Net Assets:

Reclassify loan proceeds to loans payable		(300,000)
---	--	-----------

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlay in the period.

Capital assets	1,284,383	
Depreciation	<u>(2,270,430)</u>	
		(986,047)

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Change in interest payable	(3,292)	
Changes in compensated absences payable	10,623	
Principal payments on long-term debt	<u>241,561</u>	
		<u>248,892</u>

Change in net assets of governmental activities		<u>\$ (867,779)</u>
--	--	----------------------------

**CITY OF BANDON
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2012**

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 144,855	\$ 1,365,317	\$ 1,497,576	\$ 3,007,748
Receivable				
Interfund	13,414	-	-	13,414
Accounts	75,714	21,324	422,266	519,304
Special assessments	36,084	103,079	-	139,163
Restricted cash	12,470	6,653	77,370	96,493
Inventory	-	36,369	666,654	703,023
	<u>282,537</u>	<u>1,532,742</u>	<u>2,663,866</u>	<u>4,479,145</u>
Total current assets				
Noncurrent assets:				
Unamortized debt issuance costs	-	-	5,279	5,279
Notes receivable	-	434,548	5,062	439,610
Restricted cash	101,666	19,660	70,000	191,326
Capital assets (net of accumulated depreciation)	<u>3,423,692</u>	<u>7,747,679</u>	<u>6,553,324</u>	<u>17,724,695</u>
Total noncurrent assets	<u>3,525,358</u>	<u>8,201,887</u>	<u>6,633,665</u>	<u>18,360,910</u>
Total assets	<u>3,807,895</u>	<u>9,734,629</u>	<u>9,297,531</u>	<u>22,840,055</u>
LIABILITIES				
Current liabilities:				
Accounts payable	19,433	20,404	110,507	150,344
Accrued payroll benefits	2,254	2,254	10,895	15,403
Compensated absences payable	22,857	31,732	65,123	119,712
Customer deposits	12,470	6,653	77,370	96,493
Accrued interest payable	234	11,619	1,641	13,494
Current portion of long-term debt	<u>101,666</u>	<u>19,660</u>	<u>70,000</u>	<u>191,326</u>
Total current liabilities	158,914	92,322	335,536	586,772
Long-term liabilities:				
Long-term debt (net of current portion)	-	405,254	75,000	480,254
Total liabilities	<u>158,914</u>	<u>497,576</u>	<u>410,536</u>	<u>1,067,026</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,322,026	7,322,765	6,408,324	17,053,115
Restricted for debt service	101,666	19,660	70,000	191,326
Restricted for capital projects	206,207	1,133,916	-	1,340,123
Unrestricted	<u>19,082</u>	<u>760,712</u>	<u>2,408,671</u>	<u>3,188,465</u>
Total net assets	<u>\$ 3,648,981</u>	<u>\$ 9,237,053</u>	<u>\$ 8,886,995</u>	<u>\$ 21,773,029</u>

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

CITY OF BANDON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
June 30, 2012

	Sewer	Water	Electric	Totals
Operating revenues:				
Charges for services:				
Sewer charges	\$ 793,879	\$ -	\$ -	\$ 793,879
Water sales	-	478,573	-	478,573
Electricity sales	-	-	5,008,280	5,008,280
BPA Conservation	-	-	65,398	65,398
Service charges, fees and permits	5,736	57,109	97,703	160,548
Other	15,743	20,980	36,698	73,421
Total operating revenues	<u>815,358</u>	<u>556,662</u>	<u>5,208,079</u>	<u>6,580,099</u>
Operating expenses:				
Administration	92,056	33,202	323,774	449,032
Cost of sales and services	618,317	585,785	4,083,972	5,288,074
Energy assistance payments	-	-	6,252	6,252
Depreciation and amortization	153,187	292,064	372,438	817,689
Total operating expenses	<u>863,560</u>	<u>911,051</u>	<u>4,786,436</u>	<u>6,561,047</u>
Operating income	<u>(48,202)</u>	<u>(354,389)</u>	<u>421,643</u>	<u>19,052</u>
Nonoperating revenues (expense)				
Interest income	4,795	36,368	8,930	50,093
Debt service principal	-	-	-	-
Interest expense	(5,784)	(14,964)	-	(20,748)
Reimbursements	-	-	-	-
Grants and donations	-	204,518	-	204,518
Special assessment principal	7,146	13,092	5,109	25,347
Total nonoperating revenues (expenses)	<u>6,157</u>	<u>239,014</u>	<u>14,039</u>	<u>259,210</u>
Income before operating transfers	<u>(42,045)</u>	<u>(115,375)</u>	<u>435,682</u>	<u>278,262</u>
Other financing sources (uses):				
Transfer (to) from other funds	-	-	(25,000)	(25,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Change in net assets	(42,045)	(115,375)	410,682	253,262
Net assets at beginning of year	<u>3,691,026</u>	<u>9,352,428</u>	<u>8,476,313</u>	<u>21,519,767</u>
Net assets at end of year	<u>\$ 3,648,981</u>	<u>\$ 9,237,053</u>	<u>\$ 8,886,995</u>	<u>\$ 21,773,029</u>

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

**CITY OF BANDON
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
June 30, 2012**

Increase (Decrease) in Cash and Cash Equivalents

	Sewer	Water	Electric	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 826,908	\$ 626,928	\$ 5,198,026	\$ 6,651,862
Cash paid to employees	(320,859)	(330,833)	(791,971)	(1,443,664)
Cash paid to suppliers	(391,800)	(284,315)	(3,628,532)	(4,304,646)
Net cash provided by operating activities	114,249	11,780	777,523	903,552
Cash flows from noncapital financing activities:				
Customer deposits	9,974	1,350	(17,009)	(5,685)
Interfund transfers (net)	-	-	(25,000)	(25,000)
Net cash flows provided (used) by noncapital financing activities	9,974	1,350	(42,009)	(30,685)
Cash flows from capital and related financing activities:				
Principal payments/transfers of long-term debt	(98,710)	(223,291)	(65,000)	(387,001)
Interfund receivables/payables	13,030	-	-	13,030
Interest paid	(6,011)	(20,985)	(735)	(27,731)
Acquisition of capital assets/equity donations	(28,561)	(161,191)	(740,558)	(930,310)
Net cash used by capital and related financing activities	(120,252)	(405,467)	(811,355)	(1,337,074)
Cash flows from investing activities:				
Interest received	4,795	36,368	8,930	50,093
Principal payments on notes receivable	7,146	230,930	5,108	243,184
Net cash received from investing activities	11,941	267,298	14,038	293,277
Net increase (decrease) in cash and cash equivalents	15,912	(125,039)	(61,803)	(170,930)
Cash and cash equivalents at beginning of year, (including restricted cash of \$200,888)	243,079	1,516,669	1,706,749	3,466,497
Cash and cash equivalents at end of year, (including restricted cash of \$287,819)	258,991	1,391,630	1,644,946	3,295,567
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	(48,202)	(354,389)	421,643	19,052
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	153,187	292,064	372,438	817,689
Change in assets and liabilities:				
Accounts receivable	(9,192)	11,378	(10,053)	(7,867)
Inventory	-	8,099	(48,766)	(40,667)
Special assessments receivable	20,742	58,888	-	79,630
Accounts payable	(3,510)	(7,623)	49,376	38,243
Accrued payroll and benefits	384	384	1,858	2,626
Compensated absences	840	2,979	(8,973)	(5,154)
Net cash provided by operating activities	114,249	11,780	777,523	903,552
Supplemental schedule of non-cash investing and financing activities:				
Capital assets donated by other funds	\$ -	\$ -	\$ -	\$ -

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



City of Bandon
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CITY OF BANDON

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bandon (City), Coos County, Oregon, is a municipal corporation governed by an elected mayor and six-member council. The City provides public safety (police), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and all component units for which the City is considered to be financially accountable. Although legally separate entities, blended component units are, in substance, part of the City's operations and so data from these units are combined with data of the primary government.

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

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

Blended Component Unit. The Urban Renewal Agency of the City of Bandon, (Agency) Oregon, was created by adoption of City Ordinance 1191 on August 5, 1986. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The City is not responsible for deficits nor entitled to surpluses of the Agency, the Agency Board designates management, budgeting authority lies solely with the Agency Board, the Agency is responsible for fiscal management and determination of revenue sources and the City is not legally or morally obligated for the Agency's debts. In this situation, the preceding factors are conclusive in contrast with the following factor which may indicate inclusion: The Agency Board is appointed by and made up of the same members as the Common Council of the City. However, legally the two Boards are distinct and conduct all business as such. Based on standards set forth in Governmental Auditing Standards Board (GASB) Statement 61 which the Agency early-implemented for the fiscal year ended June 30, 2012, the Agency is considered to be a "component unit" of the City because the City appoints the board members of the Agency. Accordingly, the financial statements of the Agency are included in the City's basic financial statements as capital project funds using the "blended" method of presentation.

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

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Interfund activity such as loans and transfers are eliminated to avoid “doubling up” revenues and expenses.

Governmental activities – The City’s general government activities are reported in this category, including the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. Funding sources vary and include property, utility and franchise taxes, special assessments, permits and licensing, and charges for services.

Business-type activities – The City provides sewer, water and electrical service to its customers and this category reports the activities of the enterprise funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements Fund financial statements report detailed information about the City. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The various funds of the City are grouped into the categories governmental and proprietary.

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for the governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Revenues, Expenditures and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the City’s finances and meets the cash flow needs of its proprietary activities.

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

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

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

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

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

Major governmental funds include:

General Fund - This is the City's primary operating fund. This fund is used to account for all financial resources and transactions not required to be accounted for in other funds.

Urban Renewal, District No. 1 Fund and the **Urban Renewal, District No. 2 Fund** - These funds are used to account for construction, administration, and certain debt service payments within the urban renewal areas. These funds are financed by property taxes (tax increments) levied in various taxing districts.

2004 Highway Sewer LID Fund - This fund is used to account for the receipt of special assessments. Expenditures are restricted to the repayment of the debt incurred.

12th Court LID Debt Service - This fund is used to account for a bank loan that was used for improvements in the City of Bandon.

Local Improvement District Fund - This fund is used to account for the construction and assessment of water, sewer, and street improvements within organized special assessment districts of the City. This fund is comprised of a number of individual assessment districts.

Additionally, the City reports the following fund types:

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

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

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

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City has elected not to follow subsequent private-sector guidance, but all applicable GASB pronouncements have been incorporated.

Proprietary funds include the following fund type:

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

Major enterprise funds include:

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

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

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

C. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City is to invest in LGIP and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The City allocates earnings on investments to each fund based on average monthly cash balances throughout the year. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

Investments are stated at amortized cost, which equals market value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

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

Real property in-lieu of assessment consists of real property received in foreclosures and is available for sale and booked at the value of the receivable.

3. *Inventories*

Physical inventories, with the exception of the proprietary funds, are taken for control purposes only. The cost value of such inventories has been recorded as expenditures when purchased. Accordingly, with the exception of the proprietary funds, a value is not included in the balance sheet.

Inventories in the proprietary funds are valued at cost using the first-in/first-out (FIFO) method. The costs of proprietary fund-type inventories are recorded as expenses when consumed rather than when purchased.

4. *Restricted Assets*

Certain resources are set aside for repayment of debt and are classified as restricted assets on the Statement of Net Assets because their use is limited. Reserve accounts are used to report resources set aside for repairs and replacement to the water and sewer system and, when necessary, for the purpose of making principal and interest payments on the bonds and notes payable. Utility deposits of \$96,493 are also reported as restricted assets.

5. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide Statement of Net Assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City maintains a capitalization threshold of \$5,000 and a useful life of over one year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Furnishings and equipment	5 - 7 years
Infrastructure	10 - 60 years
Land Improvements	5 - 100 years
Buildings	30 - 100 years
Other	5 - 100 years

6. *Deferred Revenue*

The City reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave can be accumulated up to 240 hours. No liability is reported for unpaid accumulated sick leave. In proprietary funds, vested vacation benefits are recognized as expenses when earned by the employee and unpaid benefits are liabilities of those funds. Governmental fund

types recognize the expenditure when benefits are paid. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of employee resignations and retirements.

The funds typically used in prior years to liquidate the liability for compensated absences are any funds with payroll, which include: General Fund, Library, State Tax Street, Sewer, Water and Electrical funds. Employees have the option to accumulate overtime as compensatory pay, which accrues at overtime rates.

8. *Long-term Obligations*

The City reports long-term debt on the Statement of Net Assets. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

9. *Operating Revenues and Expenses, Non-operating Revenues and Expenses*

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

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

10. *Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. *Summary of Significant Accounting Policies:*

a. *Fund Equity*

Prior to GASB 54, ending fund balances were specified as reserved, designated, or unreserved. Now GASB 54 requires reclassification of the fund balances into five categories: non-spendable, restricted, committed, assigned and unassigned. In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the City Council, by formal council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned – This is the residual classification used for those balances not assigned to another category.

b. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

12. *Net Assets*

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds with the exception of interfund loan payments. The annual budget for the proprietary funds is adopted on a basis not consistent with accounting principles generally accepted in the United States of America to comply with Oregon Local Budget Law. All annual appropriations lapse at fiscal year end.

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

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

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

B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amounts:

None

C. Deficit Fund Balance

The Urban Renewal Agency District #2 Fund ended the year with a deficit fund balance of (\$59,164). This deficit is due to recording of interfund loans payable to the Capital Improvements Fund, Block Grant Fund, and the Sewer Fund. Management expects the deficit to continue to be reduced in future years as tax increment revenues are received.

III. DETAILED NOTE ON ALL FUNDS

A. Deposits and Investments

Deposits. 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, 2012. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by Federal Depositary Insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the fiscal year ended June 30, 2012, the carrying amounts of the City's deposits in various financial institutions were \$215,828 and the bank balance was \$266,672. All deposits are held in the name of the City. Of the bank balance, the entire amount was covered by federal depository insurance.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. As of June 30, 2012, none of the City's bank balances were exposed to credit risk.

Investments. The City of Bandon has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during fiscal year 2012. 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 unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

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

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

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

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 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. As of June 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 7,238,628</u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets and Balance Sheet follows:

Cash on hand	\$ 770
Carrying amount of deposits	215,828
Cash with County Treasurer	19,593
Local Government Investment Pool	<u>7,238,628</u>
Total	<u>\$ 7,474,819</u>

Balance Sheet

Governmental Activities:

General Fund (includes customer deposits of \$2,200)	\$ 452,201
Urban Renewal District #1 Fund	361,049
Urban Renewal District #2 Fund	225,690
2004 Highway 101 Sewer LID DS Fund	37,372
Local Improvement District Fund	1,287
Nonmajor funds	<u>3,101,653</u>
	<u>4,179,252</u>

Business-type Activities:

Sewer Fund (includes restricted cash of \$114,136)	258,991
Water Fund (includes restricted cash of \$26,313)	1,391,630
Electric Fund (includes restricted cash of \$147,370)	<u>1,644,946</u>
	<u>3,295,567</u>

Total	<u>\$ 7,474,819</u>
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B. Receivables

Receivables as of fiscal year end are as follows:

General Receivables:

Fund:	Property Taxes	Accounts	Interfund Loans	Other Loans	Special Assessments	Total Receivable
General	\$ 17,374	\$ 87,857	\$ -	\$ -	\$ 5,948	\$ 111,179
URA No. 1	37,289	-	-	-	-	37,289
URA No. 2	18,666	-	-	-	-	18,666
2004 Hwy 101 Sewer LID	-	-	-	-	447,534	447,534
12th Court LID Debt Svc	-	-	-	-	300,000	300,000
Local Improvement District	-	-	-	-	246,929	246,929
Nonmajor funds	72,861	29,659	271,440	165,302	74,326	613,588
	<u>\$ 146,190</u>	<u>\$ 117,516</u>	<u>\$ 271,440</u>	<u>\$ 165,302</u>	<u>\$ 1,074,737</u>	<u>\$ 1,775,185</u>

Business-type receivables:

	Sewer	Water	Electric	Total
Accounts	75,714	21,324	422,266	519,304
Interfund loans	13,414	-	-	13,414
Special assessments	36,084	103,079	-	139,163
Loans	-	434,548	5,062	439,610
Total receivables	<u>\$ 125,212</u>	<u>\$ 558,951</u>	<u>\$ 427,328</u>	<u>\$ 1,111,491</u>

A non-current property taxes and special assessments receivable are treated as deferred revenue in the governmental funds. Accounts receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectibles has been established for those accounts.

Property Taxes. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the City is made at periodic intervals. For fiscal year 2011-12, the City imposed a property tax rate of \$.4580 per \$1,000 of assessed value which was expected to raise \$729,411. The County determined the actual taxable assessed valuation within the City to be \$366,385,710 (after subtracting the Urban Renewal Excess amount of \$43,339,372), which after net adjustments of \$84, resulted in a net levy of \$729,327.

Following is a summary of property tax transactions for the City for the fiscal year ended June 30, 2012:

Coos County	Receivable 7/1/2011	2011-2012 Net Levy	Collections and Adjustments	Receivable 6/30/2012
2011-12		\$ 729,327	\$ 688,121	\$ 41,206
2010-11	48,086	-	25,208	22,878
2009-10	27,637	-	12,076	15,561
2008-09	14,295	-	6,703	7,592
2007-08	5,451	-	4,258	1,193
2006-07	547	-	209	338
2005-06	545	-	170	375
Prior years	1,181	-	89	1,092
Total	\$ 97,742	\$ 729,327	\$ 736,834	\$ 90,235

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

Following is a summary of property tax transactions for the Urban Renewal Agency for the fiscal year ended June 30, 2012:

	Receivable 7/1/2011	2011-2012 Net Levy	Collections and Adjustments	Receivable 6/30/2012
2011-12	\$ -	\$ 478,949	\$ 451,889	\$ 27,060
2010-11	29,113	-	15,262	13,851
2009-10	14,843	-	6,486	8,357
2008-09	9,381	-	4,399	4,982
2007-08	3,213	-	2,509	704
2006-07	291	-	111	180
2005-06	318	-	100	218
Prior years	655	-	52	603
Total	\$ 57,814	\$ 478,949	\$ 480,808	\$ 55,955

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

C. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. At June 30, 2012, the various components of deferred revenue consist of the following:

<u>Type/Fund</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable:			
General fund	\$ 17,374	\$ -	\$ 17,374
Urban Renewal District No. 1 fund	37,289	-	37,289
Urban Renewal District No. 2 fund	18,666	-	18,666
Nonmajor funds	72,861	-	72,861
Assessment receivable:			
General fund	1,488	-	1,488
2004 HWY 101 Sewer LID	447,534	-	447,534
12th Court LID Debt Service	300,000	-	300,000
Nonmajor funds	239,628	-	239,628
Real property in-lieu of assessments:			
General fund	4,460	-	4,460
Local Improvement District	246,929	-	246,929
Total deferred revenue	<u>\$ 1,386,229</u>	<u>\$ -</u>	<u>\$ 1,386,229</u>

D. Due to/from Other Funds

Interfund receivables and payables at June 30, 2012 consisted of loans to the Urban Renewal Agency funds. The net amount owed to the business-type funds was \$13,414. Amounts reported in the individual funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements Fund	Urban Renewal District No. 2 Fund	\$ 122,497
Block Grant Fund	Urban Renewal District No. 2 Fund	148,943
Sewer Fund	Urban Renewal District No. 2 Fund	13,414
		<u>\$ 284,854</u>

The payments on these loans are due June 30th, except the new Block Grant Community Center loan which is due July 1st of each year, if funds are available. As required by the Governmental Accounting Standards Board, these amounts are reported in the fund financial statements.

E. Capital Assets

Capital asset activity for the City for the fiscal year ended June 30, 2012 was as follows:

Governmental Capital Assets:

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12
<i>Nondepreciable capital assets</i>				
Land	\$ 271,061	\$ 500,471	\$ -	\$ 771,532
Construction in progress	-	31,109	-	31,109
Total nondepreciable capital assets	271,061	531,580	-	802,641
<i>Depreciable capital assets</i>				
Buildings	6,148,957	69,348	-	6,218,305
Land Improvements	63,536	-	-	63,536
Furnishing & Equipment	1,104,573	60,013	-	1,164,586
Streets	61,135,549	623,442	-	61,758,991
Storm drains	2,564,072	-	-	2,564,072
Total depreciable capital assets	71,016,687	752,803	-	71,769,490
<i>Accumulated depreciation for:</i>				
Buildings	(897,881)	(125,689)	-	(1,023,570)
Land Improvements	(8,037)	(5,224)	-	(13,261)
Furnishing & Equipment	(784,606)	(71,260)	-	(855,866)
Streets	(45,906,265)	(1,987,961)	-	(47,894,226)
Storm drains	(718,123)	(80,296)	-	(798,419)
Total accumulated depreciation	(48,314,912)	(2,270,430)	-	(50,585,342)
Total depreciable capital assets	22,701,775	(1,517,627)	-	21,184,148
Net Governmental capital assets	\$ 22,972,836	\$ (986,047)	\$ -	\$ 21,986,789

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

General government	\$ 62,327
Public safety	15,751
Highways and streets	2,074,866
Culture and recreation	117,486
	<u>\$ 2,270,430</u>

Business-type activities:

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12
<i>Nondepreciable capital assets</i>				
Land	\$ 696,991	\$ -	\$ -	\$ 696,991
Construction in progress	14,061	100,726	-	114,787
Total nondepreciable capital assets	<u>711,052</u>	<u>100,726</u>	<u>-</u>	<u>811,778</u>
<i>Depreciable capital assets</i>				
Buildings	4,754,760	-	-	4,754,760
Furnishing & Equipment	1,833,424	-	-	1,833,424
Infrastructure	25,156,829	829,584	-	25,986,413
Total depreciable capital assets	<u>31,745,013</u>	<u>829,584</u>	<u>-</u>	<u>32,574,597</u>
<i>Accumulated depreciation for:</i>				
Buildings	(1,299,017)	(120,458)	-	(1,419,475)
Furnishing & Equipment	(862,327)	(141,009)	-	(1,003,336)
Infrastructure	(12,685,289)	(553,580)	-	(13,238,869)
Total accumulated depreciation	<u>(14,846,633)</u>	<u>(815,047)</u>	<u>-</u>	<u>(15,661,680)</u>
Total depreciable capital assets	<u>16,898,380</u>	<u>14,537</u>	<u>-</u>	<u>16,912,917</u>
Net business-type capital assets	<u>\$ 17,609,432</u>	<u>\$ 115,263</u>	<u>\$ -</u>	<u>\$ 17,724,695</u>

F. Long-term Debt

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds. In prior years, these bonds were reported in the proprietary funds if they were expected to be repaid from proprietary fund revenues; otherwise, they were reported in the Governmental Activities. All General obligation bonds have been reclassified into one General obligation fund that is reported in Governmental Activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Revenue Bonds. The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service.

Business-Type Activities:

1994 Electric Utility System Revenue Bonds. The original issue date was November 1, 1994 for \$860,000. The Bond Resolution established a reserve requirement of \$78,900 to secure payment of principal and interest. Interest is computed annually at a rate which varies from 5.8% to 7% on the outstanding balance. Scheduled payment dates are the first day of May and November each year through 2014. Those bonds maturing on and after May 1, 2005 are subject to early redemption at the option of the City. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	70,000	10,150	80,150
2014	<u>75,000</u>	<u>5,250</u>	<u>80,250</u>
	145,000	<u>\$ 15,400</u>	<u>\$ 160,400</u>
Less current portion	<u>(70,000)</u>		
	<u><u>\$ 75,000</u></u>		

Loans. The City also obtained a loan from the State of Oregon State Revolving Fund for use in construction of its sewer treatment plant. The City has pledged the net operating revenues of the sewer fund to pay amounts due under this loan. State revolving fund loans currently outstanding are as follows:

1992 State Revolving Fund Loan Number R12912 (DEQ). The original loan date was December 30, 1992 for \$1,500,000. The Loan Resolution established a \$102,162 reserve requirement. Interest is computed annually at 3% on the outstanding balance. Scheduled payment dates are the first day of June each year through 2013. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	<u>101,666</u>	<u>3,050</u>	<u>104,716</u>
	101,666	<u>\$ 3,050</u>	<u>\$ 104,716</u>
Less current portion	<u>(101,666)</u>		
	<u><u>\$ 0</u></u>		

2006 OECD Water Loan: On November 30, 2006, the City entered into a loan agreement with the Oregon Economic & Community Development Department to borrow \$740,010 to finance the Airport Water and Sewer project. During 2006 and 2007 the City drew on the note and the note closed in October 2007. This debt is payable prior to maturity without penalty. Interest is to be computed annually on the outstanding balance at 4.73%. The grant portion of the loan was realized during the 2011-12 fiscal year resulting in a reduction in loan principal of \$204,518. Principal and interest payments are due in December of each year through 2030.

Fiscal Year	Principal	Interest	Total
2013	19,660	20,098	39,758
2014	20,590	19,169	39,759
2015	21,564	18,195	39,759
2016	22,584	17,175	39,759
2017	23,653	16,106	39,759
2018-2022	136,140	62,655	198,795
2023-2027	171,532	27,263	198,795
2028-2032	9,191	435	9,626
	424,914	<u>\$ 181,096</u>	<u>\$ 606,010</u>
Less current portion	<u>(19,660)</u>		
	<u>\$ 405,254</u>		

Governmental Activities:

2009 OECD Water Clarifier Loan: During 2007, the City entered into a loan agreement with the Oregon Economic & Community Development Department to borrow \$1,010,000 to finance the water clarifier project. The City intends to repay the loan from the Water Fund. As of June 30, 2008, the City had drawn down \$1,008,823 of the loan. During 2009, the City made a payment in the amount of \$99,354, (\$16,107 for interest and \$83,247 for a principal pay down). On May 27, 2009, the note closed with a revised loan agreement to finance a \$925,576 loan instead of the original \$1,010,000 amount. Interest is to be computed annually on the outstanding balance at a rate of 3% – 4.75%. Principal and interest payments are due on December 1st each year through 2034. There are no reserve requirements. After January 1, 2019, this debt may be paid in full without penalty.

Fiscal Year	Principal	Interest	Total
2013	24,198	39,102	63,300
2014	24,345	38,255	62,600
2015	24,497	37,403	61,900
2016	24,677	36,423	61,100
2017	29,864	35,436	65,300
2018-2022	157,495	158,567	316,062
2023-2027	194,392	119,233	313,625
2028-2032	253,707	65,683	319,390
2033-2034	120,526	8,599	129,125
	853,701	<u>\$ 538,701</u>	<u>\$ 1,392,402</u>
Less current portion	<u>(24,198)</u>		
	<u>\$ 829,503</u>		

2000 General Obligation Water Bond. The original issue date was November 9, 2000 for \$3,050,000. There are no reserve requirements. Interest is computed annually at 4.5% on the outstanding balance. All or part of the outstanding installments may be paid in inverse order on any date without penalty. Scheduled payment dates are the 9th day of November each year through 2040. Annual debt requires are shown below:

Fiscal Year	Principal	Interest	Total
2013	46,281	119,487	165,768
2014	48,363	117,405	165,768
2015	50,539	115,229	165,768
2016	52,814	112,954	165,768
2017	55,190	110,578	165,768
2018-2022	315,517	513,323	828,840
2023-2027	393,191	435,649	828,840
2028-2032	489,989	338,851	828,840
2033-2037	610,615	218,225	828,840
2038-2041	592,779	68,006	660,785
	2,655,278	<u>\$ 2,149,707</u>	<u>\$ 4,804,985</u>
Less current portion	(46,281)		
	<u>\$ 2,608,997</u>		

2000 State Revolving Fund Loan Number S99001 (SDW). The original issue date was February 25, 2000 for \$500,000. There is no reserve requirement. Interest is computed annually at the rate of 4.12% on the outstanding balance. The scheduled payment dates are December first of each year through 2020. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	26,920	10,263	37,183
2014	28,029	9,154	37,183
2015	29,184	7,999	37,183
2016	30,386	6,797	37,183
2017	31,638	5,545	37,183
2018-2020	102,951	8,597	111,549
	249,107	<u>\$ 48,356</u>	<u>\$ 297,463</u>
Less current portion	(26,920)		
	<u>\$ 222,187</u>		

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

Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	2,578	1,386	3,964
2014	2,645	1,319	3,964
2015	2,714	1,250	3,964
2016	2,781	1,182	3,963
2017	2,857	1,107	3,964
2018-2022	15,435	4,382	19,817
2023-2027	17,551	2,266	19,817
2028-2029	7,669	251	7,925
	54,230	\$ 13,143	\$ 67,378
Less current portion	(2,578)		
	<u>\$ 51,652</u>		

1993 General Obligation Sewer Improvement Bond. The original issue date was June 1, 1993 for \$1,500,000. There are no reserve requirements. Interest is computed annually at a rate of 3% on the outstanding balance. Scheduled payment dates are the first day of June and December each year through June 1, 2013. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	97,000	2,910	99,910
	97,000	\$ 2,910	\$ 99,910
Less current portion	(97,000)		
	<u>\$ 0</u>		

2000 LID Bond Loan. The original loan date was October 11, 2000 for \$165,635. There are no reserve requirements. Interest is computed annually at 6.26% on the outstanding balance. The City paid an additional \$13,900 of principal during the fiscal year ending June 30, 2007 and renegotiated the term of the loan. This debt may be paid prior to maturity without penalty. Scheduled payment dates are the 11th day of April and October each year through 2017. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	519	1,103	1,622
2014	553	1,070	1,623
2015	588	1,034	1,622
2016	623	999	1,622
2017	666	956	1,622
2018-2022	4,030	4,079	8,109
2023-2027	5,510	2,601	8,111
2028-2031	5,030	659	5,689
	17,519	\$ 12,501	\$ 30,020
Less current portion	(519)		
	<u>\$ 17,000</u>		

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

Fiscal Year	Principal	Interest	Total
2013	11,250	24,181	35,431
2014	11,819	23,612	35,431
2015	12,417	23,013	35,430
2016	12,985	22,446	35,431
2017	13,703	21,728	35,431
2018-2022	79,588	97,566	177,154
2023-2027	101,878	75,275	177,153
2028-2032	130,399	46,755	177,154
2033-2036	112,474	11,528	124,009
	<u>486,513</u>	<u>\$ 346,104</u>	<u>\$ 832,624</u>
Less current portion	<u>(11,250)</u>		
	<u>\$ 475,263</u>		

2005 OECD Loan: On July 15, 2005, the City entered into an agreement with the Oregon Economic Development Department to borrow \$985,000 to finance improvements to Fillmore Avenue. The Urban Renewal Agency of the City of Bandon has agreed to make the annual debt service payments, but the City retains ultimate responsibility. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at 4%. Principal and interest payments are required in December of each year through December 1, 2031. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	23,853	28,690	52,543
2014	24,008	27,736	51,744
2015	24,168	26,775	50,943
2016	24,335	25,809	50,144
2017	24,508	24,835	49,343
2018-2022	145,417	107,986	253,403
2023-2027	186,256	73,835	260,091
2028-2032	<u>223,700</u>	<u>30,161</u>	<u>253,861</u>
	676,245	<u>\$ 345,827</u>	<u>\$ 1,022,072</u>
Less current portion	<u>(23,853)</u>		
	<u>\$ 652,392</u>		

2008 League of Oregon Cities Loan: On February 29, 2008, the City entered into an agreement with the League of Oregon Cities to borrow \$315,000 to finance improvements to the Community Building. The Urban Renewal Agency of the City of Bandon has agreed to make the annual debt service payments, but the City retains ultimate responsibility. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at rates that vary from 2.7% to 5.15%. Scheduled payment dates are January 1 and July 1 through 2023.

Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	20,000	11,958	31,958
2014	20,000	11,108	31,108
2015	20,000	10,158	30,158
2016	20,000	9,208	29,208
2017	20,000	8,258	28,258
2018-2022	125,000	23,619	148,619
2023	30,000	773	30,773
	255,000	<u>\$ 75,082</u>	<u>\$ 330,082</u>
Less current portion	<u>(20,000)</u>		
	<u>\$ 235,000</u>		

2012 12th Court LID Loan: The original loan date was April 11, 2012 for \$300,000. There are no reserve requirements. Interest is computed annually at 5.39% on the outstanding balance. The City paid an additional \$3,077 of interest during the fiscal year ending June 30, 2012. This debt may be paid prior to maturity without penalty. Scheduled payment dates are the 11th day of April and October each year through 2041. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2013	4,262	16,338	20,600
2014	4,498	16,102	20,600
2015	4,747	15,853	20,600
2016	4,967	15,632	20,599
2017	5,285	15,315	20,600
2018-2022	31,112	71,888	103,000
2023-2027	40,740	62,258	102,998
2028-2032	53,325	49,673	102,998
2033-2037	69,869	33,130	102,999
2038-2042	81,195	11,501	92,696
	300,000	<u>\$ 307,690</u>	<u>\$ 607,690</u>
Less current portion	<u>(4,262)</u>		
	<u>\$ 295,738</u>		

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2012:

	Balance 06/30/11	Additions	Reductions	Balance 06/30/12	Due within one year
Business-type activities:					
Revenue bond	210,000		65,000	145,000	70,000
Note Payable - R12912	200,376		98,710	101,666	101,666
2006 OECDL Loan	648,206		223,292	424,914	19,660
Total business-type activities	\$1,058,582		\$387,002	\$671,580	\$191,326
Governmental activities:					
Note Payable - S99001	274,962		25,855	249,107	26,920
2009 OECDL Loan	877,777		24,076	853,701	24,198
2000 General obligation bonds	2,699,566		44,288	2,655,278	46,281
2000 LID Bond	56,738		2,508	54,230	2,578
1993 General Obligation bonds	192,000		95,000	97,000	97,000
12th Court LID Loan	0	300,000		300,000	4,262
Notes Payable - 2000 LID	18,005		486	17,519	519
Notes Payable - 2004 HWY 101 LID	497,157		10,644	486,513	11,250
2005 OECDL Loan	699,950		23,705	676,245	23,853
2008 League of Oregon Cities Loan	270,000		15,000	255,000	20,000
Total governmental activities	\$5,586,155	\$300,000	\$241,562	\$5,644,593	\$256,861

Changes in other liabilities. The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2012:

	Balance 6/30/2011	Additions	Reductions	Balance 6/30/2012	Amount due within one year
Governmental Activities:					
Vacation payable	\$ 161,873	\$ 111,881	\$ 122,504	\$ 151,250	\$ 151,250
Business-type Activities:					
Vacation payable	\$ 124,866	\$ 92,180	\$ 97,334	\$ 119,712	\$ 119,712

G. Restricted Net Assets

The City's bond covenants require certain reservations of certain funds' net assets for repayment of general obligations. Property taxes levied for payment of debt are restricted as to their use. In addition, revenues derived from certain sources are restricted for special projects. Net assets in these funds as of June 30, 2012 are classified as follows:

Governmental Activities

Fund:	Debt Service	Special Projects	Capital Projects	Total
2004 Hwy 101 Sewer LID	37,372	-	-	37,372
Nonmajor funds	505,558	322,805	1,716,073	2,544,436
Total restricted net assets for Governmental Activities	<u>\$ 542,930</u>	<u>\$ 322,805</u>	<u>\$ 1,716,073</u>	<u>\$ 2,581,808</u>

Business-type Activities

Fund:	Debt Service	Special Projects	Capital Projects	Total
Sewer	\$ 101,666	\$ -	\$ 206,207	\$ 307,873
Water	19,660	-	1,133,916	1,153,576
Electric	70,000	-	-	70,000
Total restricted net assets for Business-type Activities	<u>\$ 191,326</u>	<u>\$ -</u>	<u>\$ 1,340,123</u>	<u>\$ 1,531,449</u>

H. Interfund Transfers

Fund	Transfer in	Transfer out
General Fund	\$ 25,000	\$ -
Electric fund	-	25,000

The above transfers are routine in nature and occur annually to support a summer recreation program.

IV. OTHER INFORMATION

A. Contingent Liabilities

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

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

B. Construction in Progress

At June 30, 2012, the City is involved in the various phases of improvement projects. There were no significant contracts and remaining amounts at yearend.

C. Defined Benefit Pension Plan

Public Employees Retirement System

Plan Description. The City 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 the State Legislature.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.oregon.gov/pers.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate; the current rate of annual covered is 13.74%. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan. The rate for OPSRP is set at 10.88% for general service and 13.59% for police payroll. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

Annual Pension Cost. The City's annual pension cost for the years ending June 30, 2012, 2011, and 2010 were \$393,278, \$310,731, and \$307,020, respectively. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit cost method. The Unfunded Actuarial Liability is amortized as a level percentage of covered payroll from the period of valuation date to December 31, 2029. Because all PERS employers are required by law to submit the contributions adopted by the PERS Retirement Board, and employer contributions are calculated in conformance with the Standards of GASB Statement No. 27, there is no Net Pension Benefit Obligation. The contributions actually made are equivalent to the Annual Pension Cost.

D. Other Postemployment Benefits

To accommodate for the GASB Statement No. 45 requirement that governmental employers account for and report the annual cost of OPEB, the City worked with City County Insurance Services, the City's insurance carrier, to have a valuation done. Milliman Consultants, an actuarial firm, performed the GASB 45 valuation for the City and concluded that the City has no OPEB liability under GASB 45.

Their finding was based on the fact that all medical and dental coverages offered by the City to its employees and retirees are community rated. This means that the medical and dental coverage premiums paid the City and its employees and retirees are not determined with regard to claims experience or demographic characteristics of the City' covered population. The City does not pay for any portion of the premiums for its retirees' medical, dental, or life insurance coverage.

E. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Workers' compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year, and the City has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

F. New Accounting Pronouncement - GASB Statement No. 61 and 62

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, The Financial Reporting Entity: Omnibus and Statement No. 62, Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements. The City implemented GASB Statement No. 61 and 62 in the year ending June 30, 2012.

G. Subsequent Events

On August 15, 2012, Urban Renewal Agency Area #1 issued \$2.2 million in Full Faith and Credit Obligations, Series 2012. Interest rates on the bonds range from 2 – 3.5 percent with a maturity date of August 1, 2032. Proceeds of the Obligations will be used to finance capital projects in the urban renewal plan for the Urban Renewal Area #1.

REQUIRED SUPPLEMENTARY INFORMATION

MAJOR FUNDS

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

Capital Project Funds

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

Urban Renewal District No. 2 Fund - This fund is used to account for construction, administration, and certain debt service payments within the urban renewal areas. These funds are financed by property taxes (tax increments) levied in various taxing districts

Debt Service Funds

2004 Highway 101 Sewer LID Fund - This fund is used to account for the receipt of special assessments. Expenditures are restricted to the repayment of the debt incurred.

12th Court LID Debt Service - This fund is used to account for a bank loan that was used for improvements in the City of Bandon.

Local Improvement District Fund - This fund is used to account for the construction and assessment of water, sewer, and street improvements within organized special assessment districts of the City. This fund is comprised of a number of individual assessment districts.



City of Bandon
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CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
Taxes and assessments:			
Property taxes - current year (net)	\$ 147,601	\$ 50,687	\$ (96,914)
Previously levied taxes	10,000	8,322	(1,678)
Franchise fees	32,750	29,108	(3,642)
Utility taxes	390,091	406,171	16,080
Transient tax	340,600	376,122	35,522
Total taxes	<u>921,042</u>	<u>870,410</u>	<u>(50,632)</u>
License and permits	<u>27,450</u>	<u>27,857</u>	<u>407</u>
Intergovernmental:			
Cigarette tax	4,749	4,505	(244)
Liquor tax	39,104	38,813	(291)
Grants-in-aid	204,500	48,448	(156,052)
Total Intergovernmental	<u>248,353</u>	<u>91,766</u>	<u>(156,587)</u>
Fines and police income	<u>26,750</u>	<u>24,543</u>	<u>(2,207)</u>
Payments in lieu of taxes:			
Hydro Electric Fund	282,540	301,719	19,179
Water Fund	29,485	28,715	(770)
Sewer Fund	48,158	47,405	(753)
Heritage Place	1,692	2,116	424
Total Payments in lieu of taxes	<u>361,875</u>	<u>379,955</u>	<u>18,080</u>
Reimbursements:			
Intergovernmental	18,750	18,750	-
Other external	65,200	41,017	(24,183)
Accounting and administration	338,130	338,130	-
Other internal	8,800	5,776	(3,024)
Total Reimbursements	<u>430,880</u>	<u>403,673</u>	<u>(27,207)</u>
Other:			
Interest	9,098	9,868	770
Community Center Rent	21,500	18,749	(2,751)
Rental	25,000	23,906	(1,094)
Donations	6,100	4,918	(1,182)
Miscellaneous	5,000	17,034	12,034
Total Other	<u>66,698</u>	<u>74,475</u>	<u>7,777</u>
Total revenues	<u>\$ 2,083,048</u>	<u>\$ 1,872,679</u>	<u>\$ (210,369)</u>
See auditor's report.			

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (continued)
June 30, 2012

	Original & Final Budget	Actual	Variance
Expenditures:			
General government:			
Administration and general:			
Personal services	\$ 46,453	\$ 53,464	\$ (7,011)
Materials and services	259,814	187,415	72,399
Capital outlay	20,500	-	20,500
Total administration and general	<u>326,767</u>	<u>240,879</u>	<u>85,888</u>
Accounting and billing:			
Personal services	31,258	32,409	(1,151)
Materials and services	113,700	83,942	29,758
Capital outlay	45,000	19,111	25,889
Total accounting and billing	<u>189,958</u>	<u>135,462</u>	<u>54,496</u>
Municipal court:			
Materials and services	4,700	3,000	1,700
Mayor and council:			
Materials and services	31,400	21,315	10,085
Planning department:			
Personal services	91,923	90,709	1,214
Materials and services	37,250	24,503	12,747
Capital outlay	5,000	-	5,000
Total planning department	<u>134,173</u>	<u>115,212</u>	<u>18,961</u>
Non-departmental:			
Materials and services	88,161	51,979	36,182
Capital outlay	200,000	60,275	139,725
Total non-departmental	<u>288,161</u>	<u>112,254</u>	<u>175,907</u>
Total general government	<u>\$ 975,159</u>	<u>\$ 628,122</u>	<u>\$ 347,037</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (continued)
June 30, 2012

	Original & Final Budget	Actual	Variance
Public safety:			
Police department:			
Personal services	\$ 635,374	\$ 655,000	\$ (19,626)
Materials and services	196,292	153,353	42,939
Capital outlay	39,000	4,995	34,005
Total police department	<u>870,666</u>	<u>813,348</u>	<u>57,318</u>
Fire department:			
Materials and services	111,793	101,259	10,534
Total fire department	<u>111,793</u>	<u>101,259</u>	<u>10,534</u>
Total public safety	<u>982,459</u>	<u>914,607</u>	<u>67,852</u>
Highway and streets:			
Materials and services	76,498	63,422	13,076
Capital outlay	10,502	-	10,502
Total highway and streets	<u>87,000</u>	<u>63,422</u>	<u>23,578</u>
Culture and recreation:			
Parks and recreation:			
Personal services	84,812	92,176	(7,364)
Materials and services	68,500	57,917	10,583
Capital outlay	40,000	-	40,000
Total parks and recreation	<u>193,312</u>	<u>150,093</u>	<u>43,219</u>
Community center:			
Personal services	20,835	19,867	968
Materials and services	98,900	63,241	35,659
Capital outlay	6,200	-	6,200
Total community center	<u>125,935</u>	<u>83,108</u>	<u>42,827</u>
Total culture and recreation	<u>319,247</u>	<u>233,201</u>	<u>(33,689)</u>
Contingency	<u>18,283</u>	<u>-</u>	<u>18,283</u>
Total expenditures	<u>2,382,148</u>	<u>1,839,352</u>	<u>429,983</u>
Net revenues over/(under) expenditures	<u>(299,100)</u>	<u>33,327</u>	<u>219,614</u>
Other financing sources (uses)			
Transfer from other funds	25,000	25,000	-
Total other financing sources (uses)	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (continued)
June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Net change in fund balance	\$ (274,100)	\$ 58,327	\$ 332,427
Fund balance at beginning of year	<u>274,100</u>	<u>377,901</u>	<u>103,801</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 436,228</u>	<u>\$ 436,228</u>

See auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)
URBAN RENEWAL DISTRICT NO. 1 FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property taxes - current year	\$ 265,914	\$ 286,279	\$ 20,365
Previously levied taxes	16,000	18,409	2,409
Special levy taxes	250,755	-	(250,755)
Interest	4,000	1,693	(2,307)
Other	1,000	-	(1,000)
Payments in lieu of taxes	935	1,989	1,054
	<u>538,604</u>	<u>308,370</u>	<u>(230,234)</u>
Total revenues			
Expenditures:			
General government:			
Materials and services	33,500	21,841	11,659
Capital outlay	2,061,554	549,574	1,511,980
Debt service:			
Principal	23,705	23,705	-
Interest	29,638	29,638	-
Bond reserve	53,343	-	53,343
	<u>2,201,740</u>	<u>624,758</u>	<u>1,576,982</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(1,663,136)</u>	<u>(316,388)</u>	<u>1,346,748</u>
Other financing sources (uses):			
Loan proceeds	1,000,000	-	1,000,000
Total other financing sources (uses)	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Net change in fund balance	(663,136)	(316,388)	346,748
Fund balance at beginning of year	<u>663,136</u>	<u>671,818</u>	<u>8,682</u>
Fund balance at end of year	<u>\$ -</u>	<u>355,430</u>	<u>\$ 355,430</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)
URBAN RENEWAL DISTRICT NO. 2 FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property taxes - current year	\$ 137,975	\$ 148,531	\$ 10,556
Previously levied taxes	8,000	8,933	933
Special levy taxes	156,658	-	(156,658)
Interest	2,000	751	(1,249)
Grants	-	50,000	50,000
Payments in lieu of taxes	1,820	3,162	1,342
	<u>306,453</u>	<u>211,377</u>	<u>(95,076)</u>
Total revenues			
Expenditures:			
General government:			
Materials and services	27,600	8,602	18,998
Capital outlay	333,020	171,778	161,242
Debt service:			
Principal	59,479	58,879	600
Interest	25,643	25,643	-
Bond reserve	84,522	-	84,522
	<u>530,264</u>	<u>264,902</u>	<u>265,362</u>
Total expenditures			
Net change in fund balance	(223,811)	(53,525)	170,286
Fund balance at beginning of year	<u>223,811</u>	<u>(49,518)</u>	<u>(273,329)</u>
Fund balance at end of year	<u>\$ -</u>	<u>(103,043)</u>	<u>\$ (103,043)</u>
Budgetary adjustment for interfund loan principal		<u>43,879</u>	
Fund balance at end of year, GAAP basis		<u>\$ (59,164)</u>	

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2004 HWY 101 SEWER LID DEBT SERVICE
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 5,000	\$ 8,297	\$ 3,297
Interest	15,000	15,659	659
Interest	<u>200</u>	<u>232</u>	<u>32</u>
Total revenues	<u>20,200</u>	<u>24,188</u>	<u>3,988</u>
Expenditures			
Debt service:			
Principal	10,644	10,719	(75)
Additional Principal	10,154	-	10,154
Interest	<u>24,787</u>	<u>24,712</u>	<u>75</u>
Total expenditures	<u>45,585</u>	<u>35,431</u>	<u>10,154</u>
Net change in fund balance	(25,385)	(11,243)	14,142
Fund balance at beginning of year	<u>25,385</u>	<u>48,615</u>	<u>23,230</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 37,372</u></u>	<u><u>\$ 37,372</u></u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
12TH COURT LID DEBT SERVICE
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ -	\$ -	\$ -
Interest	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Expenditures			
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balance at beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT FUND DEBT SERVICE
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 14,555	\$ -	\$ (14,555)
Interest	67,577	-	(67,577)
Other	<u>-</u>	<u>13,308</u>	<u>13,308</u>
Total revenue:	<u>82,132</u>	<u>13,308</u>	<u>(68,824)</u>
Expenditures:			
General government:			
Materials and services	65,550	60,550	5,000
Capital outlay	1,060,091	307,762	752,329
Debt service:			
Principal	1,079,055	-	1,079,055
Interest	<u>131,427</u>	<u>3,077</u>	<u>128,350</u>
Total expenditures	<u>2,336,123</u>	<u>371,389</u>	<u>1,964,734</u>
Net change in fund balance	<u>(2,253,991)</u>	<u>(358,081)</u>	<u>1,895,910</u>
Issuance of debt	<u>2,193,900</u>	<u>300,000</u>	<u>(1,893,900)</u>
Net change in fund balance	(60,091)	(58,081)	2,010
Fund balance at beginning of year	<u>60,091</u>	<u>59,190</u>	<u>(901)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,109</u></u>	<u><u>\$ 1,109</u></u>

See auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for resources and activities that are required legally or by sound financial management to be accounted for in separate funds.

State Tax Street Fund - This fund is used to account for the receipt of state gasoline taxes. Expenditures are legally restricted to the maintenance and improvements of streets, footpaths and bicycle trails.

Library Memorial Fund - This fund is used to account for private donations to the library.

Library Fund - This fund is used to account for the operations of the City's library. The primary source of revenue is taxes levied through the Coos County Library Services District.

Community Beautification Fund – This fund uses the receipts from the solid waste franchise fees for the purpose of community beautification projects.

State Revenue Sharing Fund- This fund is used to account for receipts from the State of Oregon through the revenue sharing program. Expenditures are legally restricted to certain areas.

9-1-1 Fund - This fund is used to account for telephone tax receipts from the State of Oregon. Expenditures are legally restricted to the funding of a centralized emergency telephone system reached by dialing 9-1-1.

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

Lisa Wampole Trust Fund - This fund was established by a memorial gift in the name of a former city councilor. The funds are to be expended for children's library books. The fund is being closed into the Library Memorial Fund.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general long-term debt principal, interest, and related costs.

General Obligation Bonds Fund - This fund is used to account for all general obligation bonds. These bonds were previously accounted for individually in funds 343, 344, 360, and 375.

2000 Street and Sewer LID Fund – This fund is used to account for a bank loan that was used for making street and sewer improvements along Edison Avenue, Newport Avenue and Seabird Drive.

2001 Bandon LID Bond Fund- This fund is used to account for a bank loan that was used for making street and drainage improvements along Bandon Avenue.

Capital Projects Funds

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

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

Equipment Reserve Fund - This fund is used to account for transfers from other funds to be used for major equipment replacement.

Parks and Recreation Development Fund - This fund is used to account for funds paid to the City by subdivisions in lieu of dedicating land for public park and recreation uses. The City is required to use said funds to aid in securing suitable areas for park and recreation purposes to serve the area containing the subdivision.

Street SDC Reimbursement Fund - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

Street SDC Improvement Fund - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

Storm Drain SDC Reimbursement Fund - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

Storm Drain SDC Improvement Fund - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

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

**CITY OF BANDON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 474,073	\$ 504,195	\$ 2,123,385	\$ 3,101,653
Receivables				
Property taxes	-	39,828	33,033	72,861
Accounts	28,296	1,363	-	29,659
Special assessments	-	17,119	57,207	74,326
Loans	165,302	-		165,302
Interfund loans receivable	148,943	-	122,497	271,440
	<u>816,614</u>	<u>562,505</u>	<u>2,336,122</u>	<u>3,715,241</u>
Total assets	<u>816,614</u>	<u>562,505</u>	<u>2,336,122</u>	<u>3,715,241</u>
LIABILITIES				
Accounts payable	10,709	-	724	11,433
Accrued payroll and benefits	4,509	-	-	4,509
Deferred revenue	165,302	56,947	90,240	312,489
	<u>180,520</u>	<u>56,947</u>	<u>90,964</u>	<u>328,431</u>
Total liabilities	<u>180,520</u>	<u>56,947</u>	<u>90,964</u>	<u>328,431</u>
FUND BALANCE				
Restricted	322,805	505,558	1,402,784	2,231,147
Committed	313,289	-	842,374	1,155,663
	<u>636,094</u>	<u>505,558</u>	<u>2,245,158</u>	<u>3,386,810</u>
Total fund balances	<u>636,094</u>	<u>505,558</u>	<u>2,245,158</u>	<u>3,386,810</u>
Total liabilities and fund balances	<u>\$ 816,614</u>	<u>\$ 562,505</u>	<u>\$ 2,336,122</u>	<u>\$ 3,715,241</u>

See auditor's report.

CITY OF BANDON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 167,760	\$ 254,376	\$ 394,850	\$ 816,986
Grants	-	-	104,000	104,000
Intergovernmental	320,506	-	-	320,506
Payments in lieu of taxes	-	6,854	-	6,854
System development charges	-	-	19,288	19,288
Special assessments	-	1,848	58,515	60,363
Interest	2,914	3,706	13,525	20,145
Out of city bond charge	-	33,410	-	33,410
Other	59,230	-	-	59,230
Total revenues	<u>550,410</u>	<u>300,194</u>	<u>590,178</u>	<u>1,440,782</u>
Expenditures:				
General government	-	-	74,563	74,563
Public safety	35,069	-	-	35,069
Highways and streets	179,827	-	-	179,827
Economic development	29,950	-	-	29,950
Culture and recreation	368,380	-	-	368,380
Capital outlay	-	-	166,547	166,547
Debt service:				
Principal retirement	-	192,215	-	192,215
Interest	-	180,981	-	180,981
Total expenditures	<u>613,226</u>	<u>373,196</u>	<u>241,110</u>	<u>1,227,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,816)</u>	<u>(73,002)</u>	<u>349,068</u>	<u>213,250</u>
Other financing sources (uses):				
Transfer in (out)	-	-	-	-
Loan repayments	17,627	-	4,745	22,372
Total other financing sources (uses)	<u>17,627</u>	<u>-</u>	<u>4,745</u>	<u>22,372</u>
Net change in fund balance	<u>(45,189)</u>	<u>(73,002)</u>	<u>353,813</u>	<u>235,622</u>
Fund balances at beginning of year	681,283	578,560	1,891,345	3,151,188
Fund balances at end of year	<u>\$ 636,094</u>	<u>\$ 505,558</u>	<u>\$ 2,245,158</u>	<u>\$ 3,386,810</u>

See auditor's report.

**CITY OF BANDON
SUB-COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2012**

	State Tax Street	Library Memorial	Library	911
ASSETS				
Cash and cash equivalents	\$ 4,082	\$ 213,487	\$ 92,089	\$ -
Accounts receivable	15,848	214	6,315	3,788
Loans receivable	-	-	-	-
Interfund loans receivable	-	-	-	-
Total assets	<u>19,930</u>	<u>213,701</u>	<u>98,404</u>	<u>3,788</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	534	838	3,349	3,788
Accrued payroll and benefits	1,503	-	3,006	-
Deferred revenue	-	-	-	-
Total liabilities	<u>2,037</u>	<u>838</u>	<u>6,355</u>	<u>3,788</u>
Fund balances:				
Restricted	17,893	212,863	92,049	-
Committed	-	-	-	-
Total fund balances	<u>17,893</u>	<u>212,863</u>	<u>92,049</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 19,930</u>	<u>\$ 213,701</u>	<u>\$ 98,404</u>	<u>\$ 3,788</u>

See auditor's report.

Community Beautification	State Revenue Sharing	Block Grant	Lisa Wampole Trust	Totals
\$ 27,053	\$ 5,861	\$ 131,501	\$ -	\$ 474,073
2,131	-	-	-	28,296
-	-	165,302	-	165,302
-	-	148,943	-	148,943
<u>29,184</u>	<u>5,861</u>	<u>445,746</u>	<u>-</u>	<u>816,614</u>
2,200	-	-	-	10,709
-	-	-	-	4,509
-	-	165,302	-	165,302
<u>2,200</u>	<u>-</u>	<u>165,302</u>	<u>-</u>	<u>180,520</u>
-	-	-	-	322,805
<u>26,984</u>	<u>5,861</u>	<u>280,444</u>	<u>-</u>	<u>313,289</u>
<u>26,984</u>	<u>5,861</u>	<u>280,444</u>	<u>-</u>	<u>636,094</u>
<u>\$ 29,184</u>	<u>\$ 5,861</u>	<u>\$ 445,746</u>	<u>\$ -</u>	<u>\$ 816,614</u>

See auditor's report.

CITY OF BANDON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2012

	State Tax Street	Library Memorial	Library	911
Revenues:				
Taxes	\$ 167,760	\$ -	\$ -	\$ -
Intergovernmental	-	-	284,376	11,179
Interest	58	1,165	490	-
Other	1,250	20,911	1	-
Total revenues	<u>169,068</u>	<u>22,076</u>	<u>284,867</u>	<u>11,179</u>
Expenditures:				
Current:				
Public safety	-	-	-	11,179
Highways and streets	179,827	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	24,816	299,550	-
Total expenditures	<u>179,827</u>	<u>24,816</u>	<u>299,550</u>	<u>11,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,759)</u>	<u>(2,740)</u>	<u>(14,683)</u>	<u>-</u>
Other financing sources (uses):				
Transfer in (out)	-	16,268	-	-
Loan repayment	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>16,268</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(10,759)	13,528	(14,683)	-
Fund balances at beginning of year	<u>28,652</u>	<u>199,335</u>	<u>106,732</u>	<u>-</u>
Fund balances at end of year	<u>\$ 17,893</u>	<u>\$ 212,863</u>	<u>\$ 92,049</u>	<u>\$ -</u>

See auditor's report.

<u>Community Beautification</u>	<u>State Revenue Sharing</u>	<u>Block Grant</u>	<u>Lisa Wampole Trust</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 167,760
-	24,951	-	-	320,506
150	455	596	-	2,914
37,068	-	-	-	59,230
<u>37,218</u>	<u>25,406</u>	<u>596</u>	<u>-</u>	<u>550,410</u>
-	23,890	-	-	35,069
-	-	-	-	179,827
-	-	29,950	-	29,950
44,014	-	-	-	368,380
<u>44,014</u>	<u>23,890</u>	<u>29,950</u>	<u>-</u>	<u>613,226</u>
<u>(6,796)</u>	<u>1,516</u>	<u>(29,354)</u>	<u>-</u>	<u>(62,816)</u>
-	-	-	(16,268)	-
-	-	17,627	-	17,627
-	-	17,627	(16,268)	17,627
(6,796)	1,516	(11,727)	(16,268)	(45,189)
33,780	4,345	292,171	16,268	681,283
<u>\$ 26,984</u>	<u>\$ 5,861</u>	<u>\$ 280,444</u>	<u>\$ -</u>	<u>\$ 636,094</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE TAX STREET FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
State street tax	\$ 184,710	\$ 167,760	\$ (16,950)
Interest	200	58	(142)
Other	500	1,250	750
	<u>185,410</u>	<u>169,068</u>	<u>(16,342)</u>
Total revenues			
Expenditures:			
Highways and streets:			
Personal services	167,280	167,107	173
Materials and services	19,761	12,720	7,041
Capital outlay	10,028	-	10,028
	<u>197,069</u>	<u>179,827</u>	<u>17,242</u>
Total expenditures			
Net change in fund balance	<u>(11,659)</u>	<u>(10,759)</u>	<u>900</u>
Fund balance at beginning of year	<u>11,659</u>	<u>28,652</u>	<u>16,993</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 17,893</u>	<u>\$ 17,893</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY MEMORIAL FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest	\$ 1,000	\$ 1,165	\$ 165
Other:			
Grants	1,000	1,226	226
Gifts & Memorials	12,500	7,660	(4,840)
Lisa Wampole Mem Donations	300	-	(300)
Miscellaneous	<u>11,500</u>	<u>12,025</u>	<u>525</u>
Total revenues	<u>26,300</u>	<u>22,076</u>	<u>(4,224)</u>
Expenditures:			
Culture and recreation:			
Materials and services	95,000	9,765	85,235
Capital outlay	77,003	15,051	61,952
Contingency	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total expenditures	<u>227,003</u>	<u>24,816</u>	<u>202,187</u>
Net change in fund balance	(200,703)	(2,740)	197,963
Other financing sources (uses):			
Transfers from other funds	<u>16,000</u>	<u>16,268</u>	<u>268</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(184,703)	13,528	198,231
Fund balance at beginning of year	<u>184,703</u>	<u>199,335</u>	<u>14,632</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 212,863</u>	<u>\$ 212,863</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
Intergovernmental:			
County library support	\$ 263,345	\$ 284,376	\$ 21,031
Interest	1,000	490	(510)
Grants	2,000	-	(2,000)
Other	500	1	(499)
Total revenues	266,845	284,867	18,022
Expenditures:			
Culture and recreation:			
Personal services	290,757	253,645	37,112
Materials and services	54,250	45,905	8,345
Total expenditures	345,007	299,550	45,457
Net change in fund balance	(78,162)	(14,683)	63,479
Fund balance at beginning of year	78,162	106,732	28,570
Fund balance at end of year	\$ -	\$ 92,049	\$ 92,049

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY BEAUTIFICATION FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Garbage franchise fees	\$ 33,590	\$ 33,668	\$ 78
Interest	600	150	(450)
Other	-	3,400	3,400
	<u>34,190</u>	<u>37,218</u>	<u>3,028</u>
Total revenues			
Expenditures:			
Culture and recreation:			
Materials and services	71,000	44,014	26,986
Contingency	1,228	-	1,228
	<u>72,228</u>	<u>44,014</u>	<u>28,214</u>
Total expenditures			
Net change in fund balance	(38,038)	(6,796)	31,242
Fund balance at beginning of year	<u>38,038</u>	<u>33,780</u>	<u>(4,258)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 26,984</u>	<u>\$ 26,984</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE REVENUE SHARING FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
State revenue sharing	\$ 25,200	\$ 24,951	\$ (249)
Interest	9	455	446
	<u>25,209</u>	<u>25,406</u>	<u>197</u>
Total revenues			
Expenditures:			
Public safety:			
Materials and services	23,890	23,890	-
Contingency	1,769	-	1,769
	<u>25,659</u>	<u>23,890</u>	<u>1,769</u>
Total expenditures			
Net change in fund balance	(450)	1,516	1,966
Fund balance at beginning of year	450	4,345	3,895
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,861</u>	<u>\$ 5,861</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
911 FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
Receipts from State	\$ 20,000	\$ 11,179	\$ (8,821)
Total revenues	<u>20,000</u>	<u>11,179</u>	<u>(8,821)</u>
Expenditures:			
Public safety:			
Payments to other Governments	<u>20,000</u>	<u>11,179</u>	<u>8,821</u>
Total expenditures	<u>20,000</u>	<u>11,179</u>	<u>8,821</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BLOCK GRANT FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
Interest	\$ 500	\$ 596	\$ 96
Other	300	-	(300)
	<u>800</u>	<u>596</u>	<u>(204)</u>
Total revenues			
Expenditures:			
Economic development:			
Materials and services	20,000	-	20,000
Capital outlay	168,196	29,950	138,246
	<u>188,196</u>	<u>29,950</u>	<u>158,246</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(187,396)</u>	<u>(29,354)</u>	<u>158,042</u>
Other financing sources (uses):			
Principal collections	47,775	22,959	(24,816)
Loan interest	17,595	12,442	(5,153)
	<u>65,370</u>	<u>35,401</u>	<u>(29,969)</u>
Total other financing sources (uses)			
Net change in fund balance	(122,026)	6,047	128,073
Fund balance at beginning of year	<u>122,026</u>	<u>292,171</u>	<u>170,145</u>
Fund balance at end of year	<u>\$ -</u>	298,218	<u>\$ 298,218</u>
Budgetary adjustment for loan principal		<u>(17,774)</u>	
Fund balance at end of year, GAAP basis		<u>\$ 280,444</u>	

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LISA WAMPOLE TRUST FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other financing sources (uses):			
Transfers to other funds	<u>\$ (16,000)</u>	<u>\$ (16,268)</u>	<u>\$ (268)</u>
Net change in fund balance	(16,000)	(16,268)	(268)
Fund balance at beginning of year	<u>16,000</u>	<u>16,268</u>	<u>268</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See auditor's report.

**CITY OF BANDON
SUB-COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2012**

	General Obligation Bonds Debt Service	2000 Street & Sewer LID Bond	2001 Bandon LID	Totals
ASSETS				
Cash and cash equivalents	\$ 476,104	\$ 21,242	\$ 6,849	\$ 504,195
Receivables:				
Accounts	1,363			1,363
Property taxes	39,828	-	-	39,828
Special assessments	-	12,113	5,006	17,119
	<u>517,295</u>	<u>33,355</u>	<u>11,855</u>	<u>562,505</u>
Total assets	<u>517,295</u>	<u>33,355</u>	<u>11,855</u>	<u>562,505</u>
LIABILITIES AND FUND BALANCES				
Deferred revenue	39,828	12,113	5,006	56,947
Fund balances:				
Restricted	<u>477,467</u>	<u>21,242</u>	<u>6,849</u>	<u>505,558</u>
Total liabilities and fund balances	<u>\$ 517,295</u>	<u>\$ 33,355</u>	<u>\$ 11,855</u>	<u>\$ 562,505</u>

See auditor's report.

CITY OF BANDON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	General Obligation Bonds Debt Service	2000 Street & Sewer LID	2001 Bandon LID Bond	Totals
Revenues:				
Taxes	\$ 254,376	\$ -	\$ -	\$ 254,376
Special assessments	-	883	965	1,848
Interest	2,876	443	387	3,706
Out of city bond charge	33,410			33,410
In Lieu of Tax	6,854	-	-	6,854
	<u>297,516</u>	<u>1,326</u>	<u>1,352</u>	<u>300,194</u>
Total revenues				
Expenditures:				
Debt service:				
Principal	189,218	2,509	488	192,215
Interest	178,392	1,454	1,135	180,981
	<u>367,610</u>	<u>3,963</u>	<u>1,623</u>	<u>373,196</u>
Total expenditures				
Net change in fund balance	(70,094)	(2,637)	(271)	(73,002)
Fund balances at beginning of year	<u>547,561</u>	<u>23,879</u>	<u>7,120</u>	<u>578,560</u>
Fund balances at end of year	<u>\$ 477,467</u>	<u>\$ 21,242</u>	<u>\$ 6,849</u>	<u>\$ 505,558</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL OBLIGATION BONDS DEBT SERVICE
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
2000 RD GO BDS Prop taxes(343) - CY	\$ 139,772	\$ 105,765	\$ (34,007)
2000 RD GO BDS Prop taxes(343) - PY	3,500	8,337	4,837
2000 SDWRLF BDS Prop taxes(344) - CY	34,554	36,253	1,699
2000 SDWRLF BDS Prop taxes(344) - PY	800	1,971	1,171
1991 SEWER GO BONDS Prop taxes (360) - CY	49,255	41,744	(7,511)
1991 SEWER GO BONDS Prop taxes (360) - PY	5,000	7,136	2,136
2006 WTPBONDS Prop taxes (375) - CY	-	50,650	50,650
2006 WTPBONDS Prop taxes (375) - PY	1,500	2,520	1,020
Interest	1,500	2,876	1,376
2000 RD GO BDS out of city (343)	20,422	20,832	410
2000 RD GO BDS - lieu of tax (343)	3,164	3,090	(74)
2000 SDWRLF GO BDS out of city (344)	4,790	4,887	97
2000 SDWRLF GO BDS - lieu of tax (344)	709	694	(15)
2006 Water Plant GO BDS - lieu of tax (375)	1,231	1,191	(40)
2006 WTP Out of city (375)	7,548	7,691	143
1991 Sewer In Lieu of Tax (360)	1,919	1,879	(40)
Total revenues	<u>275,664</u>	<u>297,516</u>	<u>21,852</u>
Expenditures:			
Debt service:			
Principal- 1991 Sewer GO Bonds (360)	95,000	95,000	-
Interest - 1991 Sewer GO Bonds (360)	5,760	5,760	-
Reserve- 1991 Sewer GO Bonds (360)	100,760	-	100,760
Principal- 2000 RD Bonds (343)	44,290	44,288	2
Interest - 2000 RD Bonds (343)	121,482	121,480	2
Reserve- 2000 RD Bonds (343)	88,580	-	88,580
Principal- 2000 SDWRLF Bonds (344)	25,855	25,854	1
Interest - 2000 SDWRLF Bonds (344)	11,330	11,328	2
Reserve- 2000 SDWRLF Bonds (344)	5,000	-	5,000
Principal- 2006 Water Plant Bonds (375)	24,076	24,076	-
Interest - 2006 Water Plant Bonds (375)	39,824	39,824	-
Reserve- 2006 Water Plant Bonds (375)	111,204	-	111,204
Total expenditures	<u>673,161</u>	<u>367,610</u>	<u>305,551</u>
Net change in fund balance	<u>(397,497)</u>	<u>(70,094)</u>	<u>327,403</u>
Fund balance at beginning of year	<u>397,497</u>	<u>547,561</u>	<u>150,064</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 477,467</u>	<u>\$ 477,467</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2000 STREET & SEWER LID FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 1,000	\$ 883	\$ (117)
Interest	500	314	(186)
Interest	<u>150</u>	<u>129</u>	<u>(21)</u>
Total revenues	<u>1,650</u>	<u>1,326</u>	<u>(324)</u>
Expenditures:			
Debt service:			
Principal	15,812	2,509	13,303
Interest	<u>1,455</u>	<u>1,454</u>	<u>1</u>
Total expenditures	<u>17,267</u>	<u>3,963</u>	<u>13,304</u>
Net change in fund balance	(15,617)	(2,637)	12,980
Fund balance at beginning of year	<u>15,617</u>	<u>23,879</u>	<u>8,262</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 21,242</u>	<u>\$ 21,242</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2001 BANDON LID BOND FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 150	\$ 965	\$ 815
Interest	500	348	(152)
Interest	<u>50</u>	<u>39</u>	<u>(11)</u>
Total revenues	<u>700</u>	<u>1,352</u>	<u>652</u>
Expenditures:			
Debt service:			
Principal	5,174	488	4,686
Interest	<u>1,138</u>	<u>1,135</u>	<u>3</u>
Total expenditures	<u>6,312</u>	<u>1,623</u>	<u>4,689</u>
Net change in fund balance	(5,612)	(271)	5,341
Fund balance at beginning of year	<u>5,612</u>	<u>7,120</u>	<u>1,508</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 6,849</u>	<u>\$ 6,849</u>

See auditor's report.



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**CITY OF BANDON
SUB-COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2012**

	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Parks and Recreation Development</u>	<u>Street SDC Reimbursement</u>
ASSETS				
Cash and cash equivalents	\$ 473,291	\$ 68,795	\$ 178,095	\$ 394,267
Receivables (net, where applicable of allowance for uncollectible):				
Taxes	-	-	-	-
Special assessments	-	-	-	7,476
Due from other funds	<u>122,497</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>595,788</u></u>	<u><u>68,795</u></u>	<u><u>178,095</u></u>	<u><u>401,743</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	304	105
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,476</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>304</u>	<u>7,581</u>
Fund balances (deficits):				
Restricted				394,162
Committed	<u>595,788</u>	<u>68,795</u>	<u>177,791</u>	<u>-</u>
Total fund balances (deficits)	<u>595,788</u>	<u>68,795</u>	<u>177,791</u>	<u>394,162</u>
Total liabilities and fund balances	<u><u>\$ 595,788</u></u>	<u><u>\$ 68,795</u></u>	<u><u>\$ 178,095</u></u>	<u><u>\$ 401,743</u></u>

See auditor's report.

<u>Street SDC Improvement</u>	<u>Storm Drain SDC Reimbursement</u>	<u>Storm Drain SDC Improvement</u>	<u>Local Option Street</u>	<u>Totals</u>
\$ 234,245	\$ 255,193	\$ 242,882	\$ 276,617	\$ 2,123,385
-	-	-	33,033	33,033
15,401	17,814	16,516	-	57,207
-	-	-	-	122,497
<u>249,646</u>	<u>273,007</u>	<u>259,398</u>	<u>309,650</u>	<u>2,336,122</u>
105	105	105	-	724
15,401	17,814	16,516	33,033	90,240
<u>15,506</u>	<u>17,919</u>	<u>16,621</u>	<u>33,033</u>	<u>90,964</u>
234,140	255,088	242,777	276,617	1,402,784
-	-	-	-	842,374
<u>234,140</u>	<u>255,088</u>	<u>242,777</u>	<u>276,617</u>	<u>2,245,158</u>
<u>\$ 249,646</u>	<u>\$ 273,007</u>	<u>\$ 259,398</u>	<u>\$ 309,650</u>	<u>\$ 2,336,122</u>

See auditor's report.

CITY OF BANDON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2012

	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Parks and Recreation Development</u>	<u>Street SDC Reimbursement</u>	<u>Street SDC Improvement</u>
Revenues:					
Taxes	\$ 75,000	\$ 15,000	\$ -	\$ -	\$ -
Grants	104,000	-	-	-	-
Special assessments	-	-	-	8,860	15,487
System development charges	-	-	-	2,424	4,544
Interest	1,735	309	956	2,893	2,264
Total revenues	<u>180,735</u>	<u>15,309</u>	<u>956</u>	<u>14,177</u>	<u>22,295</u>
Expenditures:					
Current:					
General government	74,563	-	-	-	-
Capital outlay	-	-	13,975	8,176	10,677
Total expenditures	<u>74,563</u>	<u>-</u>	<u>13,975</u>	<u>8,176</u>	<u>10,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>106,172</u>	<u>15,309</u>	<u>(13,019)</u>	<u>6,001</u>	<u>11,618</u>
Other financing sources (uses):					
Transfer in (out)	(10,000)	-	10,000	-	-
Loan interest	4,745	-	-	-	-
Total other financing sources (uses)	<u>(5,255)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>100,917</u>	<u>15,309</u>	<u>(3,019)</u>	<u>6,001</u>	<u>11,618</u>
Fund balances at beginning of year	<u>494,871</u>	<u>53,486</u>	<u>180,810</u>	<u>388,161</u>	<u>222,522</u>
Fund balances at end of year	<u>\$ 595,788</u>	<u>\$ 68,795</u>	<u>\$ 177,791</u>	<u>\$ 394,162</u>	<u>\$ 234,140</u>

See auditor's report.

<u>Storm Drain SDC Reimbursement</u>	<u>Storm Drain SDC Improvement</u>	<u>Local Option Street</u>	<u>Totals</u>
\$ -	\$ -	\$ 304,850	\$ 394,850
-	-	-	104,000
18,686	15,482	-	58,515
6,564	5,756	-	19,288
2,169	2,270	929	13,525
<u>27,419</u>	<u>23,508</u>	<u>305,779</u>	<u>590,178</u>
-	-	-	74,563
<u>15,223</u>	<u>13,404</u>	<u>105,092</u>	<u>166,547</u>
<u>15,223</u>	<u>13,404</u>	<u>105,092</u>	<u>241,110</u>
<u>12,196</u>	<u>10,104</u>	<u>200,687</u>	<u>349,068</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,745</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,745</u>
<u>12,196</u>	<u>10,104</u>	<u>200,687</u>	<u>353,813</u>
<u>242,892</u>	<u>232,673</u>	<u>75,930</u>	<u>1,891,345</u>
<u>\$ 255,088</u>	<u>\$ 242,777</u>	<u>\$ 276,617</u>	<u>\$ 2,245,158</u>

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grants	\$ -	\$ 104,000	\$ 104,000
Utility tax	-	75,000	75,000
Interest	1,000	1,735	735
Other	500	-	(500)
	<u>1,500</u>	<u>180,735</u>	<u>179,235</u>
Total revenues			
Expenditures:			
General government:			
Capital outlay	<u>227,512</u>	<u>74,563</u>	<u>152,949</u>
Total expenditures	<u>227,512</u>	<u>74,563</u>	<u>152,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,012)</u>	<u>106,172</u>	<u>332,184</u>
Other financing sources (uses)			
Transfer in (out)	(10,000)	(10,000)	-
Loan repayment principal	13,075	13,076	1
Loan repayment interest	<u>4,745</u>	<u>4,745</u>	<u>-</u>
Total other financing sources (uses)	<u>7,820</u>	<u>7,821</u>	<u>1</u>
Net change in fund balance	(218,192)	113,993	332,185
Fund balance at beginning of year	<u>218,192</u>	<u>494,871</u>	<u>276,679</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 608,864</u>	<u>\$ 608,864</u>
Budgetary adjustment for interfund loan principal		<u>(13,076)</u>	
Fund balance at end of year, GAAP basis		<u>\$ 595,788</u>	

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EQUIPMENT RESERVE FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Utility tax	\$ -	\$ 15,000	\$ 15,000
Other	100	-	\$ (100)
Interest	900	309	(591)
	<u>1,000</u>	<u>15,309</u>	<u>14,309</u>
Total revenues	<u>1,000</u>	<u>15,309</u>	<u>14,309</u>
Expenditures:			
General government:			
Capital outlay	53,829	-	53,829
	<u>53,829</u>	<u>-</u>	<u>53,829</u>
Total expenditures	<u>53,829</u>	<u>-</u>	<u>53,829</u>
Net change in fund balance	(52,829)	15,309	68,138
Fund balance at beginning of year	<u>52,829</u>	<u>53,486</u>	<u>657</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 68,795</u>	<u>\$ 68,795</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKS AND RECREATION DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest	\$ 1,000	\$ 956	\$ (44)
Total revenues	<u>1,000</u>	<u>956</u>	<u>(44)</u>
Expenditures:			
Culture and recreation:			
Capital outlay	169,202	13,975	155,227
Total expenditures	<u>169,202</u>	<u>13,975</u>	<u>155,227</u>
Excess (deficiency) of revenues over (under) expenditures	(168,202)	(13,019)	155,183
Other financing sources (uses):			
Transfer in	10,000	10,000	-
Net change in fund balance	(158,202)	(3,019)	155,183
Fund balance at beginning of year	<u>158,202</u>	<u>180,810</u>	<u>22,608</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 177,791</u>	<u>\$ 177,791</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET SDC REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 3,000	\$ 2,424	\$ (576)
Special assessments:			
Principal	3,000	8,860	5,860
Interest	1,000	842	(158)
Interest	<u>1,000</u>	<u>2,051</u>	<u>1,051</u>
Total revenues	<u>8,000</u>	<u>14,177</u>	<u>6,177</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>345,434</u>	<u>8,176</u>	<u>337,258</u>
Total expenditures	<u>345,434</u>	<u>8,176</u>	<u>337,258</u>
Net change in fund balance	(337,434)	6,001	343,435
Fund balance at beginning of year	<u>337,434</u>	<u>388,161</u>	<u>50,727</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 394,162</u>	<u>\$ 394,162</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET SDC IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
System development fees	\$ 5,000	\$ 4,544	\$ (456)
Special assessments:			
Principal	3,000	15,487	12,487
Interest	1,000	1,068	68
Interest	1,000	1,196	196
Total revenues	<u>10,000</u>	<u>22,295</u>	<u>12,295</u>
Expenditures:			
Highways and streets:			
Capital outlay	228,453	10,677	217,776
Total expenditures	<u>228,453</u>	<u>10,677</u>	<u>217,776</u>
Net change in fund balance	(218,453)	11,618	230,071
Fund balance at beginning of year	<u>218,453</u>	<u>222,522</u>	<u>4,069</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 234,140</u></u>	<u><u>\$ 234,140</u></u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORM DRAIN SDC REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2012

	Original & Final Budget	Actual	Variance
Revenues:			
System development fees	\$ 5,000	\$ 6,564	\$ 1,564
Special assessments:			
Principal	5,000	18,686	13,686
Interest	400	855	455
Interest	1,000	1,314	314
Total revenues	<u>11,400</u>	<u>27,419</u>	<u>16,019</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>250,881</u>	<u>15,223</u>	<u>235,658</u>
Total expenditures	<u>250,881</u>	<u>15,223</u>	<u>235,658</u>
Net change in fund balance	<u>(239,481)</u>	<u>12,196</u>	<u>251,677</u>
Fund balance at beginning of year	<u>239,481</u>	<u>242,892</u>	<u>3,411</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 255,088</u>	<u>\$ 255,088</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORM DRAIN SDC IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 5,000	\$ 5,756	\$ 756
Special assessments:			
Principal	5,000	15,482	10,482
Interest	500	1,019	519
Interest	<u>1,000</u>	<u>1,251</u>	<u>251</u>
Total revenues	<u>11,500</u>	<u>23,508</u>	<u>12,008</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>236,804</u>	<u>13,404</u>	<u>223,400</u>
Total expenditures	<u>236,804</u>	<u>13,404</u>	<u>223,400</u>
Net change in fund balance	<u>(225,304)</u>	<u>10,104</u>	<u>235,408</u>
Fund balance at beginning of year	<u>225,304</u>	<u>232,673</u>	<u>7,369</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 242,777</u>	<u>\$ 242,777</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL OPTION STREET FUND
For the Fiscal Year Ended June 30, 2012

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes			
Property taxes - current year	\$ 304,358	\$ 290,088	\$ (14,270)
Previously levied taxes	15,000	14,762	(238)
Interest	1,000	929	(71)
In-lieu of tax	8,242	-	(8,242)
	<u>328,600</u>	<u>305,779</u>	<u>(22,821)</u>
Total revenues			
Expenditures:			
Highways and streets:			
Capital outlay	<u>544,953</u>	<u>105,092</u>	<u>439,861</u>
Total expenditures	<u>544,953</u>	<u>105,092</u>	<u>439,861</u>
Net change in fund balance	(216,353)	200,687	417,040
Fund balance at beginning of year	<u>216,353</u>	<u>75,930</u>	<u>(140,423)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 276,617</u>	<u>\$ 276,617</u>

See auditor's report.



City of Bandon
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ENTERPRISE FUNDS

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

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

Sewer SDC Reimbursement Fund

Sewer SDC Improvement Fund

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

Water SDC Reimbursement Fund

Water SDC Improvement Fund

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

CITY OF BANDON
SUB-COMBINING SCHEDULE OF NET ASSETS
SEWER FUNDS
June 30, 2012

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 67,620	\$ 77,235	\$ 144,855
Receivable				
Interfund	(12,540)	25,954	-	13,414
Accounts	75,714	-	-	75,714
Special assessments	-	14,966	21,118	36,084
Restricted cash	12,470	-	-	12,470
Total current assets	75,644	108,540	98,353	282,537
Noncurrent assets:				
Restricted cash	101,666	-	-	101,666
Capital assets (net of accumulated depreciation)	3,423,692	-	-	3,423,692
Total noncurrent assets	3,525,358	-	-	3,525,358
Total assets	3,601,002	108,540	98,353	3,807,895
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	18,747	224	462	19,433
Accrued payroll benefits	2,254	-	-	2,254
Accrued interest payable	234	-	-	234
Customer deposits	12,470	-	-	12,470
Compensated absences payable	22,857	-	-	22,857
Current portion of long-term debt	101,666	-	-	101,666
Total current liabilities	158,228	224	462	158,914
Long-term liabilities:				
Long-term debt (net of current portion)	-	-	-	-
Total liabilities	158,228	224	462	158,914
NET ASSETS				
Invested in capital assets, net of related debt	3,322,026	-	-	3,322,026
Restricted for debt service	101,666	-	-	101,666
Restricted for capital projects	-	108,316	97,891	206,207
Unrestricted	19,082	-	-	19,082
Total net assets	3,442,774	108,316	97,891	3,648,981
Total liabilities and net assets	\$ 3,601,002	\$ 108,540	\$ 98,353	\$ 3,807,895

See auditor's report.

CITY OF BANDON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
SEWER FUNDS
For the Fiscal Year Ended June 30, 2012

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
Operating revenues:				
Charges for services:				
Sewer charges	\$ 790,087	\$ 3,792	\$ -	\$ 793,879
Service charges, fees and permits	-	-	5,736	5,736
Other	15,743	-	-	15,743
Total operating revenues	<u>805,830</u>	<u>3,792</u>	<u>5,736</u>	<u>815,358</u>
Operating expenses:				
Administration	91,603	-	453	92,056
Cost of sales and services	596,426	8,985	12,906	618,317
Depreciation and amortization	153,187	-	-	153,187
Total operating expenses	<u>841,216</u>	<u>8,985</u>	<u>13,359</u>	<u>863,560</u>
Operating income (loss)	<u>(35,386)</u>	<u>(5,193)</u>	<u>(7,623)</u>	<u>(48,202)</u>
Nonoperating revenues (expenses):				
Assessment principal	-	2,844	4,302	7,146
Assessment interest	793	1,026	1,471	3,290
Interest income	612	483	410	1,505
Interest expense	(5,784)	-	-	(5,784)
Total nonoperating revenues (expenses)	<u>(4,379)</u>	<u>4,353</u>	<u>6,183</u>	<u>6,157</u>
Income (loss) before operating transfers	<u>(39,765)</u>	<u>(840)</u>	<u>(1,440)</u>	<u>(42,045)</u>
Other financing sources and (uses):				
Assets donated from other funds	28,561	(7,140)	(21,421)	-
Total other financing sources and (uses)	<u>28,561</u>	<u>(7,140)</u>	<u>(21,421)</u>	<u>-</u>
Change in net assets	(11,204)	(7,980)	(22,861)	(42,045)
Net assets at beginning of year	<u>3,453,978</u>	<u>116,296</u>	<u>120,752</u>	<u>3,691,026</u>
Net assets at end of year	<u>\$ 3,442,774</u>	<u>\$ 108,316</u>	<u>\$ 97,891</u>	<u>\$ 3,648,981</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Charges for services:					
Sewer charges	\$ 790,087	\$ -	\$ 790,087	\$ 802,627	\$ (12,540)
Other	15,743	-	15,743	1,000	14,743
Total operating revenues	<u>805,830</u>	<u>-</u>	<u>805,830</u>	<u>803,627</u>	<u>2,203</u>
Operating expenses:					
Administration	91,603	-	91,603	100,180	8,577
Accounting and billing	81,944	-	81,944	83,794	1,850
Distribution	57,772	840	56,932	594,503	537,571
Plant operations	409,177	-	409,177	2,073,313	1,664,136
Non-departmental:					
Materials and services	47,533	-	47,533	48,258	725
Contingency	-	-	-	-	-
Depreciation	153,187	153,187	-	-	-
Total operating expenses	<u>841,216</u>	<u>154,027</u>	<u>687,189</u>	<u>2,900,048</u>	<u>2,212,859</u>
Operating income (loss)	<u>(35,386)</u>	<u>(154,027)</u>	<u>118,641</u>	<u>(2,096,421)</u>	<u>(2,210,656)</u>
Nonoperating revenues (expenses):					
Interfund debt service principal	-	(13,030)	13,030	13,030	-
Interfund debt service interest	793	-	793	793	-
Debt service principal	-	98,710	(98,710)	(155,316)	56,606
Debt service interest	(5,784)	227	(6,011)	(6,011)	-
Assets transferred from other funds	28,561	28,561	-	-	-
Grants	-	-	-	500,000	(500,000)
Interest income	612	-	612	2,000	(1,388)
Total nonoperating revenues (expenses)	<u>24,182</u>	<u>114,468</u>	<u>(90,286)</u>	<u>354,496</u>	<u>(444,782)</u>
Income before transfers	<u>(11,204)</u>	<u>(39,559)</u>	<u>28,355</u>	<u>(1,741,925)</u>	<u>(2,655,438)</u>
Other financing sources and (uses):					
Loans	-	-	-	1,436,115	(1,436,115)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,436,115</u>	<u>(1,436,115)</u>
Change in net assets	<u>(11,204)</u>	<u>(39,559)</u>	<u>28,355</u>	<u>(305,810)</u>	<u>334,165</u>
Net assets at beginning of year	<u>3,453,978</u>	<u>-</u>	<u>3,453,978</u>	<u>305,810</u>	<u>3,148,168</u>
Budgetary adjustment		39,559	(39,559)		
Net assets at end of year	<u>\$ 3,442,774</u>	<u>\$ -</u>	<u>\$ 3,442,774</u>	<u>\$ -</u>	<u>\$ 3,482,333</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SEWER SDC REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 3,792	\$ -	\$ 3,792	\$ 5,000	\$ (1,208)
Other	\$ -	\$ -	\$ -	\$ 100	\$ (100)
	<u>\$ 3,792</u>	<u>\$ -</u>	<u>\$ 3,792</u>	<u>\$ 5,100</u>	<u>\$ (1,308)</u>
Operating expenses:					
Materials and services	453	-	453	5,000	5,547
Capital outlay	8,532	(7,140)	15,672	126,897	111,225
	<u>8,985</u>	<u>(7,140)</u>	<u>16,125</u>	<u>131,897</u>	<u>116,772</u>
Total operating expenses	<u>8,985</u>	<u>(7,140)</u>	<u>16,125</u>	<u>131,897</u>	<u>116,772</u>
Operating income (loss)	<u>(5,193)</u>	<u>7,140</u>	<u>(12,333)</u>	<u>(126,797)</u>	<u>115,464</u>
Nonoperating revenues (expenses):					
Assessment principal	2,844	-	2,844	5,000	(2,156)
Assessment interest	1,026	-	1,026	200	826
Asset transfer to parent	(7,140)	(7,140)	-	-	-
Interest income	483	-	483	1,000	(517)
	<u>(2,787)</u>	<u>(7,140)</u>	<u>4,353</u>	<u>6,200</u>	<u>(1,847)</u>
Total nonoperating revenues (expenses)	<u>(2,787)</u>	<u>(7,140)</u>	<u>4,353</u>	<u>6,200</u>	<u>(1,847)</u>
Change in net assets	(7,980)	-	(7,980)	(120,597)	112,617
Net assets at beginning of year	116,296	-	116,296	120,597	(4,301)
Budgetary adjustments	-	-	-	-	-
Net assets at end of year	<u>\$ 108,316</u>	<u>\$ -</u>	<u>\$ 108,316</u>	<u>\$ -</u>	<u>\$ 108,316</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SEWER SDC IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 5,736	\$ -	\$ 5,736	\$ 5,000	\$ 736
Operating expenses:					
Materials and services	453	-	453	5,500	5,047
Capital outlay	12,906	(21,421)	34,327	110,166	75,839
Total operating expenses	13,359	(21,421)	34,780	115,666	80,886
Operating income (loss)	(7,623)	21,421	(29,044)	(110,666)	81,622
Nonoperating revenues (expenses):					
Assessment principal	4,302	-	4,302	5,000	(698)
Assessment interest	1,471	-	1,471	500	971
Assets transfer to parent	(21,421)	(21,421)	-	-	-
Interest income	410	-	410	500	(90)
Total nonoperating revenues (expenses)	(15,238)	(21,421)	6,183	6,000	183
Change in net assets	(22,861)	-	(22,861)	(104,666)	81,805
Net assets at beginning of year	120,752	-	120,752	104,666	16,086
Budgetary adjustments			-	-	-
Net assets at end of year	\$ 97,891	\$ -	\$ 97,891	\$ -	\$ 97,891

See auditor's report.

CITY OF BANDON
SUB-COMBINING SCHEDULE OF NET ASSETS
WATER FUNDS
June 30, 2012

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 330,416	\$ 285,988	\$ 748,913	\$ 1,365,317
Receivable				
Accounts	21,324	-	-	21,324
Special assessments	-	21,318	81,761	103,079
Restricted cash	6,653	-	-	6,653
Inventory	36,369	-	-	36,369
Total current assets	<u>394,762</u>	<u>307,306</u>	<u>830,674</u>	<u>1,532,742</u>
Noncurrent assets:				
Restricted cash	19,660	-	-	19,660
Loans receivable	434,548	-	-	434,548
Capital assets (net of accumulated depreciation)	<u>7,747,679</u>	<u>-</u>	<u>-</u>	<u>7,747,679</u>
Total noncurrent assets	<u>8,201,887</u>	<u>-</u>	<u>-</u>	<u>8,201,887</u>
Total assets	<u><u>8,596,649</u></u>	<u><u>307,306</u></u>	<u><u>830,674</u></u>	<u><u>9,734,629</u></u>
LIABILITIES				
Current liabilities:				
Accounts payable	16,340	2,533	1,531	20,404
Accrued payroll benefits	2,254	-	-	2,254
Compensated absences payable	31,732	-	-	31,732
Customer deposits	6,653	-	-	6,653
Interest payable	11,619	-	-	11,619
Current portion of long term debt	<u>19,660</u>	<u>-</u>	<u>-</u>	<u>19,660</u>
Total current liabilities	88,258	2,533	1,531	92,322
Long-term liabilities				
Long term debt (net of current portion)	<u>405,254</u>	<u>-</u>	<u>-</u>	<u>405,254</u>
Total liabilities	<u>493,512</u>	<u>2,533</u>	<u>1,531</u>	<u>497,576</u>
NET ASSETS:				
Invested in capital assets, net of related debt	7,322,765	-	-	7,322,765
Restricted for debt service	19,660	-	-	19,660
Restricted for capital projects	-	304,773	829,143	1,133,916
Unrestricted	<u>760,712</u>	<u>-</u>	<u>-</u>	<u>760,712</u>
Total net assets	<u>8,103,137</u>	<u>304,773</u>	<u>829,143</u>	<u>9,237,053</u>
Total liabilities and net assets	<u><u>\$ 8,596,649</u></u>	<u><u>\$ 307,306</u></u>	<u><u>\$ 830,674</u></u>	<u><u>\$ 9,734,629</u></u>

See auditor's report.

CITY OF BANDON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
WATER FUNDS
For the Fiscal Year Ended June 30, 2012

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
Operating revenues:				
Charges for services:				
Water sales	\$ 478,573	\$ -	\$ -	\$ 478,573
Service charges, fees and permits	30,925	5,449	20,735	57,109
Miscellaneous other	20,980	-	-	20,980
Total operating revenues	530,478	5,449	20,735	556,662
Operating expenses:				
Administration	32,696	-	506	33,202
Cost of sales and services	523,795	15,335	46,655	585,785
Depreciation	292,064	-	-	292,064
Total operating expenses	848,555	15,335	47,161	911,051
Operating income	(318,077)	(9,886)	(26,426)	(354,389)
Nonoperating revenues (expenses):				
Interest income	2,028	1,549	3,906	7,483
Debt service interest	(14,964)	-	-	(14,964)
Grants	204,518	-	-	204,518
Special assessment principal	-	2,724	10,368	13,092
Special assessment interest	21,300	1,600	5,985	28,885
Total nonoperating revenues (expenses)	212,882	5,873	20,259	239,014
Income (loss) before transfers	(105,195)	(4,013)	(6,167)	(115,375)
Other financing sources and (uses):				
Assets/Equity donated (to) from other funds	122,234	(77,011)	(45,223)	-
Transfer (to) from other funds	16,281	-	(16,281)	-
Total other financing sources and (uses):	138,515	(77,011)	(61,504)	-
Change in net assets	33,320	(81,024)	(67,671)	(115,375)
Net assets at beginning of year	8,069,817	385,797	896,814	9,352,428
Net assets at end of year	\$ 8,103,137	\$ 304,773	\$ 829,143	\$ 9,237,053

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Charges for services:					
Water sales	\$ 478,573	\$ -	\$ 478,573	\$ 491,412	\$ (12,839)
Service charges, fees and permits	30,925	-	30,925	18,870	12,055
Other	20,980	-	20,980	18,511	2,469
Total operating revenues:	530,478	-	530,478	528,793	1,685
Operating expenses:					
Administration	32,696		32,696	35,626	2,930
Accounting and billing	54,076	-	54,076	55,263	1,187
Source of supply	-	-	-	2,500	2,500
Distribution	170,924	(27,880)	198,804	292,658	93,854
Plant operations	270,009	-	270,009	303,318	33,309
Non-departmental:					
Materials and services	28,786	-	28,786	29,585	799
Depreciation	292,064	292,064	-	-	-
Contingency	-	-	-	5,724	5,724
Total operating expenses	848,555	264,184	584,371	724,674	140,303
Operating income (loss)	(318,077)	(264,184)	(53,893)	(195,881)	141,988
Nonoperating revenues (expense):					
Equity Donations from other funds	122,234	122,234	-	-	-
Grants	204,518	204,518	-	-	-
Special assessments:					
Principal	-	-	-	13,339	(13,339)
Interest	21,300	-	21,300	21,185	115
Debt service:					
Principal	-	18,773	(18,773)	(70,950)	52,177
Interest	(14,964)	6,022	(20,986)	(30,660)	9,674
Interest income	2,028	-	2,028	2,000	28
Total nonoperating revenues (expenses)	335,116	351,547	(16,431)	(65,086)	48,655
Income before operating transfers	17,039	87,363	(70,324)	(260,967)	190,643
Other financing sources (uses):					
Transfer from other funds	16,281	-	16,281	16,281	-
Total other financing sources and (uses)	16,281	-	16,281	16,281	-
Change in net assets	33,320	87,363	(54,043)	(244,686)	190,643
Net assets at beginning of year	8,069,817	-	8,069,817	244,686	7,825,131
Budgetary adjustments		(87,363)	87,363	-	87,363
Net assets at end of year	\$ 8,103,137	\$ -	\$ 8,103,137	\$ -	\$ 8,103,137

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WATER SDC REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 5,449	\$ -	\$ 5,449	\$ 5,000	\$ 449
Other	-	-	-	500	(500)
Total operating revenues	5,449	-	5,449	5,500	(51)
Operating expenses:					
Materials and services	12,713	-	12,713	5,500	(7,213)
Capital outlay	2,622	(77,011)	79,633	393,276	313,643
Total operating expenses	15,335	(77,011)	92,346	398,776	306,430
Operating income (loss)	(9,886)	77,011	(86,897)	(393,276)	306,379
Nonoperating revenues (expenses):					
Assessment principal	2,724	-	2,724	5,000	(2,276)
Assessment interest	1,600	-	1,600	7,000	(5,400)
Interest income	1,549	-	1,549	1,000	549
Total nonoperating revenues (expenses)	5,873	-	5,873	13,000	(7,127)
Change in net assets	(4,013)	77,011	(81,024)	(380,276)	299,252
Net assets at beginning of year	385,797	-	385,797	380,276	5,521
Budgetary adjustment	(77,011)	(77,011)	-	-	-
Net assets at end of year	<u>\$ 304,773</u>	<u>\$ -</u>	<u>\$ 304,773</u>	<u>\$ -</u>	<u>\$ 304,773</u>

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WATER SDC IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 20,735	\$ -	\$ 20,735	\$ 30,000	\$ (9,265)
Operating expenses:					
Materials and services	506	-	506	5,500	4,994
Capital outlay	46,655	(45,223)	91,878	914,522	822,644
Total operating expenses	47,161	(45,223)	92,384	920,022	827,638
Operating income (loss)	(26,426)	(45,223)	(71,649)	(890,022)	818,373
Nonoperating revenues (expenses):					
Assessment Principal	10,368	-	10,368	10,000	368
Assessment interest	5,985	-	5,985	2,000	3,985
Interest income	3,906	-	3,906	3,000	906
Total nonoperating revenues (expenses)	20,259	-	20,259	15,000	5,259
Income (loss) before transfers to other funds	(6,167)	(45,223)	(51,390)	(875,022)	823,632
Transfers to other funds	(16,281)	-	(16,281)	(16,281)	-
Change in net assets	(22,448)	(45,223)	(67,671)	(891,303)	823,632
Net assets at beginning of year	896,814		896,814	891,303	5,511
Budgetary adjustment	(45,223)	45,223	-	-	-
Net assets at end of year	\$ 829,143	\$ -	\$ 829,143	\$ -	\$ 829,143

See auditor's report.

CITY OF BANDON
SUB-COMBINING SCHEDULE OF NET ASSETS
ELECTRIC FUNDS
June 30, 2012

ASSETS	<u>Electric</u>
Current assets:	
Cash and cash equivalents	\$ 1,497,576
Receivable	
Accounts	422,266
Restricted cash	77,370
Inventory	666,654
	<hr/>
Total current assets	2,663,866
	<hr/>
Noncurrent assets:	
Loans Receivable	5,062
Unamortized debt issuance cost	5,279
Restricted cash	70,000
Fixed assets (net of accumulated depreciation)	6,553,324
	<hr/>
Total noncurrent assets	6,633,665
	<hr/>
Total assets	<u><u>9,297,531</u></u>
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	110,507
Accrued payroll benefits	10,895
Compensated absences payable	65,123
Customer deposits	77,370
Accrued interest payable	1,641
Current portion of long-term debt	70,000
	<hr/>
Total current liabilities	335,536
	<hr/>
Long-term liabilities:	
Long-term debt (net of current portion)	75,000
	<hr/>
Total liabilities	410,536
	<hr/>
NET ASSETS:	
Invested in capital assets, net of related debt	6,408,324
Restricted for debt service	70,000
Restricted for capital projects	-
Unrestricted	2,408,671
	<hr/>
Total net assets	8,886,995
	<hr/>
Total liabilities and net assets	<u><u>\$ 9,297,531</u></u>
See auditor's report.	

CITY OF BANDON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
ELECTRIC FUND
For the Fiscal Year Ended June 30, 2012

	Electric	Totals
Operating revenues:		
Charges for services:		
Electricity sales	5,008,280	\$ 5,008,280
BPA Conservation	65,398	\$ 65,398
Service charges, fees and permits	97,703	97,703
Other	36,698	36,698
	5,208,079	5,208,079
Total operating revenues		
Operating expenses:		
Administration	323,774	323,774
Cost of sales and services	4,083,972	4,083,972
Energy assistance payments	6,252	6,252
Depreciation	372,438	372,438
	4,786,436	4,786,436
Total operating expenses		
Operating income	421,643	421,643
Nonoperating revenues (expenses):		
Conservation Principal	5,109	5,109
Interest income	8,930	8,930
	14,039	14,039
Total nonoperating revenues (expenses)		
Income (loss) before operating transfers	435,682	435,682
Other financing sources and (uses):		
Transfers (to) from other funds	(25,000)	(25,000)
	(25,000)	(25,000)
Total other financing sources and (uses)		
Change in net assets	410,682	410,682
Net assets at beginning of year	8,476,313	8,476,313
Net assets at end of year	\$ 8,886,995	\$ 8,886,995

See auditor's report.

CITY OF BANDON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ELECTRIC FUND
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Electricity sales	\$ 4,993,746	\$ -	\$ 4,993,746	\$ 4,895,255	\$ 98,491
Low Income Assistance	10,295	-	10,295	10,000	295
Vol Low Inc Roundup Donation	1,077	-	1,077	1,000	77
Green power sales	3,162	-	3,162	3,500	(338)
BPA Conservation	65,398	-	65,398	61,125	(4,273)
Services charges, fees and permits	97,703	-	97,703	154,574	(56,871)
Reimburse Private Development	-	-	-	10,000	(10,000)
Other	36,698	-	36,698	12,000	24,698
Total operating revenues	5,208,079	-	5,208,079	5,147,454	56,352
Operating expenses:					
Administration	323,774	-	323,774	327,689	3,915
Accounting and billing	350,958	-	350,958	376,107	25,149
Source of supply	2,413,407	-	2,413,407	2,555,901	142,494
Conservation	71,171	-	71,171	134,363	63,192
Distribution	930,058	(798,297)	1,728,355	2,424,123	695,768
Non-departmental:					
Materials and services	302,567	-	302,567	283,019	(19,548)
Capital Outlay	-	-	-	5,000	5,000
Debt service - principal	-	(65,000)	65,000	144,700	79,700
Debt service - interest	22,063	(735)	22,798	22,798	-
Depreciation and amortization	372,438	372,438	-	-	-
Contingency	-	-	-	288,279	288,279
Total operating expenses	4,786,436	(491,594)	5,278,030	6,561,979	1,283,949
Operating income (loss)	421,643	(491,594)	(69,951)	(1,414,525)	1,405,699
Nonoperating revenues (expense):					
Conservation Principal	5,109	-	5,109	-	5,109
Interest income	8,930	-	8,930	5,050	3,880
Total nonoperating revenues	14,039	-	14,039	5,050	8,989
Income (loss) before transfers	435,682	(491,594)	(55,912)	(1,409,475)	1,414,688
Other financing sources (uses):					
Transfers to other funds	(25,000)	-	(25,000)	(25,000)	-
Total other financing sources (uses)	(25,000)	-	(25,000)	(25,000)	-
Change in net assets	410,682	(491,594)	(80,912)	(1,434,475)	1,414,688
Net assets at beginning of year	8,476,313	-	8,476,313	1,434,475	7,041,838
Budgetary adjustments	-	491,594	491,594	-	491,594
Net assets at end of year	\$ 8,886,995	\$ -	\$ 8,886,995	\$ -	\$ 8,948,120

See auditor's report.

ACCOMPANYING INFORMATION

**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***

Honorable Mayor and City Council
City of Bandon, Oregon
Bandon, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bandon, Oregon as of and for the year ended June 30, 2012, which collectively comprise the City of Bandon, Oregon's basic financial statements and have issued our report thereon dated November 5, 2012. 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.

Internal Control Over Financial Reporting

Management of the City of Bandon, Oregon is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Bandon, Oregon's internal control over financial reporting as a basis for designing our auditing procedures 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 Bandon, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bandon, Oregon's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bandon, Oregon's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Honorable Mayor and City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Merina & Company".

Merina & Company, LLP
West Linn, Oregon
November 5, 2012

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the City of Bandon, Oregon, as of and for the year ended June 30, 2012 and have issued our report thereon dated November 5, 2012. 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 Bandon, Oregon's 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 the Oregon Administrative Rules 162-010-0000 through 162-010-0320 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 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.

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:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness, limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City of Bandon, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, included the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of Bandon, Oregon's internal control over financial reporting as a basis for designing our auditing procedures 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 Bandon, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bandon, Oregon's internal control over financial reporting.

We have communicated suggestions for improvements of the City of Bandon, Oregon's processes in a separately letter to management dated November 5, 2012.

This report is intended solely for the information and use of the Honorable Mayor and City Council, Oregon Secretary of State Audits Division, and management, and is not intended to be and should not be used by anyone other than these specified parties.



Merina & Company, LLP
West Linn, Oregon
November 5, 2012